



Prospectus

Aussie Broadband Limited

ACN 132 090 192

For the partially underwritten initial public offering of up to 40.45 million Shares in the Company at an Offer Price of \$1.00 per Share to raise \$40 million (before expenses).

Important information

This is an important document that you should read in full. If you do not understand it, consult your professional advisor. The Prospectus also contains an offer of 1 Share (**Cleansing Offer**) for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Cleansing Offer Closing Date.

Lead Manager and Underwriter:

ShawandPartners
an EFG company

Important Notices

Offer

The Offer contained in this Prospectus is an invitation to apply for fully paid ordinary shares (**Shares**) in Aussie Broadband Limited ACN 132 090 192 (**Company**). This Prospectus is issued by the Company.

Lodgement, Listing and Expiry

This Prospectus is dated 14 September 2020 and a copy was lodged with the Australian Securities and Investments Commission (**ASIC**) on 14 September 2020 (**Prospectus Date**). The Company will apply to ASX Limited (**ASX**) within 7 days after the Prospectus Date for admission of the Company to the Official List and for the quotation by ASX of its Shares (including those offered by this Prospectus). Neither ASIC nor ASX, or their officers takes any responsibility for the content of this Prospectus or the merits of the investment set out in this Prospectus.

This Prospectus expires on 14 October 2021 (**Expiry Date**) being 13 months after the Prospectus Date. No Shares will be allotted or issued on the basis of this Prospectus later than the Expiry Date.

Exposure Period

The Corporations Act prohibits the Company from processing Applications in the 7 day period after the date of lodgement of the Prospectus with ASIC (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further 7 days. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

Not financial advice

Investors should read this Prospectus in its entirety before deciding to invest in the Company. In particular, investors should refer to Sections 4 and 8 of this Prospectus for financial information relating to the Company and consider the assumptions underlying the Forecast Financial Information. Investors should also refer to Section 5 for details of the risk factors that could affect the performance of the Company, noting that there may be additional risk factors that should be considered by prospective investors in light of an investor's personal circumstances. The information in this Prospectus does not take into account the investment objectives, personal circumstances (including financial and taxation issues) and particular needs of investors. The information in this Prospectus is not financial product advice and investors should consider the prospects of the Company in light of their individual objectives,

circumstances and needs. Investors should seek professional advice from an accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to invest in the Company. Neither the Company nor any other person named in this Prospectus warrants or guarantees the successful performance of the Company, the repayment of capital, the payment of dividends, the price at which the Shares will trade on ASX or any return on investment made pursuant to this Prospectus.

No person is authorised to give any information, or to make any representation, in connection with the Offer described in this Prospectus, other than that which is contained in this Prospectus. Investors should rely only on information in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, its Directors or any other person in connection with the Offer. This Prospectus includes information about past performance of the Company and investors should be aware that past performance should not be relied upon as being indicative of future performance.

Privacy

Applicants will be asked to provide personal information to the Company (directly or via its agents). Refer to Section 11.15 of this Prospectus for information on how the Company and its agents collect, hold and use this personal information.

Application Forms which do not contain all the requested information may not be able to be processed by the Company.

Once an Investor becomes a Shareholder, the Corporations Act and taxation legislation will require certain information about the Shareholder to be included in the Share register. In accordance with the requirements of the Corporations Act, the Share register will be accessible by members of the Company. The information must continue to be included in the Share register even where a Shareholder ceases to be a Shareholder.

Forward looking statements

This Prospectus contains forward looking statements, including the Forecast Financial Information in Section 4, which may be identified by words such as "may", "could", "believes", "estimates", "anticipates", "expects", "intends" and other similar words. Forward looking statements are based on an assessment of the present economic and operating conditions of the Company,

as well as certain assumptions regarding future events and actions that are reasonably anticipated to occur as at the date of this Prospectus. Such statements and information should be read and considered in light of the risk factors set out in Section 5 of this Prospectus, the general assumptions and other information contained in this Prospectus. The forward looking statements are not guarantees of future performance of the Company and are premised on known risks, uncertainties, assumptions and other factors many of which are beyond the control of the Company and its Subsidiaries. While the Company believes that the expectations reflected in the forward looking statements in this Prospectus are reasonable, neither the Company nor any of the Company's Related Bodies Corporate gives any assurance that the results, performance or achievements stated or implied in the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on the forward looking statements.

This Prospectus contains information based on industry forecasts, projections, management estimates and market data that has been obtained by the Company from third parties. The Company has not independently verified this information. There is no assurance that any outcomes predicated on such industry forecasts, projections and market data, to which this Prospectus refers, will be achieved. The Company makes no representation and expressly disclaims any liability as to the completeness or accuracy of such information or projections. Estimates, forecasts and projections involve risks and uncertainties and are subject to change based on various factors including those disclosed in the risk factors set out in Section 5.

The Company does not have any present intention to update or revise any forecasts or forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or other factors affect the information contained in this Prospectus, other than to the extent required by law.

Industry and market data

This Prospectus, including the Industry Overview in Section 2 and the Company Overview in Section 3, contains statistics, data and other information (including forecasts and projections) relating to markets, market sizes, market shares, market segments, market positions and other industry data pertaining to the Company's business and markets, which unless otherwise indicated, are current as at the Prospectus Date.

The Company has obtained significant portions of this information from market research prepared by third parties. Investors should note that market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions.

There is no assurance that any of the forecasts or projections in the reports and surveys of any third party that are referred to in this Prospectus will be achieved. The Company has not independently verified, and cannot give any assurances to the accuracy or completeness of, this market and industry data or the underlying assumptions used in generating this market and industry data.

Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Restrictions on distribution

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. As at the Prospectus Date, no action has been taken to register or qualify the Shares or the Offer or to otherwise permit a public offering of Shares outside Australia. Persons who obtain this Prospectus in jurisdictions outside of Australia may be restricted by the laws of the relevant jurisdiction from making an Application for Shares and should seek advice on and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. For details of selling restrictions that apply to the Shares in certain jurisdictions outside Australia, please refer to Section 7.13.2.

In particular, the Shares have not been, and will not be, registered under the *U.S. Securities Act of 1933* (as amended) (**US Securities Act**) or the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, pledged or otherwise transferred, directly or indirectly in the United States except in transactions exempt from, or not subject to, the registration requirements of the *US Securities Act* or the applicable securities laws of any state or other jurisdiction of the United States.

This Offer is available to Australian residents located in Australia and is not being extended to any investor outside Australia, other than to certain Institutional Investors as part of the Institutional Offer.

Neither the Company nor any of its Related Bodies Corporate accepts any liability or responsibility for determining whether a person is able to participate in the Offer.

Obtaining a copy of this Prospectus

An electronic version of this Prospectus (**Electronic Prospectus**) can be downloaded from <http://investors.aussiebroadband.com.au>. Any person accessing the Electronic Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Electronic Prospectus from within Australia. Persons who access this Prospectus electronically should ensure they download and read the entire Prospectus, accompanied by the relevant Application Form. Applications for Shares may only be made on the Application Form attached to, or accompanying, this Prospectus in its hard copy form, or in its electronic form which must be downloaded in its entirety from the website specified above together with a copy of this Prospectus. The Application Form may be generated by software accessible by the same means as the Prospectus. The Company will also send a copy of the Prospectus and Application Form free of charge to any person in Australia during the Offer Period by contacting the Offer Information Line on 1800 677 648 (within Australia) or +61 1800 677 648 (outside Australia) between 8:30am and 5:30pm (AEST), Monday to Friday (excluding public holidays).

Applications

An Application for Shares in the Company may only be made during the Offer Period on the Application Form attached to, or accompanying, this Prospectus in its paper form or in its electronic form which must be downloaded in its entirety from <http://investors.aussiebroadband.com.au>. Please refer to Sections 1.8 and 7 of this Prospectus for instructions as to how to make an Application for Shares.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a complete and unaltered paper copy or electronic version of this Prospectus. By making an Application, you represent and warrant that you were given access to

this Prospectus, together with an Application Form. The Company reserves the right not to accept completed Application Forms if it has reason to believe that the Applicant has not received a complete copy of this Prospectus, and any relevant supplementary or replacement prospectus, or has reason to believe that the Application Form, or any of those documents, has been altered or tampered with in any way. Cooling-off rights do not apply to an investment in Shares offered under this Prospectus.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in the charts, graphs and tables is based on information available at the Prospectus Date.

Company website

Any references to documents included on the Company's website at www.aussiebroadband.com.au are provided for convenience only, and none of the documents or other information available on the website, or any other website referred to in the sources contained in this Prospectus, are incorporated in this Prospectus by reference.

Defined terms and abbreviations

Please refer to the Glossary Section of this Prospectus for explanations of defined terms and abbreviations used in this Prospectus. Unless stated or otherwise implied, references to times in this Prospectus are to local Melbourne time (AEST).

Disclaimer

Except as required by law, and only to the extent so required, none of the Company, the Directors, the Company's management, the Lead Manager or any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

As set out in Section 7.17.3, it is expected that the Shares will be quoted on ASX on a normal settlement basis. The Company, the Share Registry and the Lead Manager disclaims all liability, whether in negligence or otherwise, to persons who trade Shares before receiving a holding statement, even if such person received confirmation of allocation from the Offer Information Line.

Important Notices

Shaw and Partners Limited has acted as Lead Manager and Underwriter to the Offer on the terms of the Underwriting Agreement and has not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by the Lead Manager or by any of its affiliates, officers or employees. To the maximum extent permitted by law, the Lead Manager and its respective affiliates, officers, employees and advisers expressly disclaims all liabilities in respect of, makes no representations regarding, and takes no responsibility for, any part of this Prospectus other than references to its name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

Financial Information presentation

Section 4 sets out in detail the Financial Information referred to in this Prospectus. The basis of the preparation of the Financial Information is set out in Sections 4.2.2 and 4.2.3. This Prospectus includes Forecast Financial Information based on the best estimate assumptions of the Board. The Forecast Financial Information is presented in this Prospectus on both a statutory and pro forma basis.

All references to FY18, FY19, FY20 and FY21F are to the financial years ended 30 June 2018, 30 June 2019, 30 June 2020 and 30 June 2021 respectively, unless otherwise indicated.

The Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards (AAS) and other authoritative pronouncements adopted or issued by the Australian Accounting Standards Board (AASB) and the accounting policies of the Company. The significant accounting policies of the Company relevant to the Financial Information are set out in Appendix A.

The Financial Information including the Pro Forma Historical Information in this Prospectus should be read in connection with, and they are qualified by reference to, the information contained in Sections 4 and 5.

All financial amounts contained in the Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding. Tables, figures and body content contained in this Prospectus have not been amended by the Company to correct immaterial summation differences

that may arise from this rounding convention. The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to the information contained in Sections 4 and 5 and other information in this Prospectus. Where financial information and metrics present pro forma amounts, they have been labelled "pro forma".

Investors should be aware that certain financial data included in this Prospectus is 'non-IFRS financial information' under Regulatory Guide 230 Disclosing non-IFRS financial information, published by ASIC. The Company believes this non-IFRS financial information provides useful information to users in measuring the Company's financial performance and financial condition.

The non-IFRS measures do not have standardised meanings prescribed by AAS and therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with AAS.

Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information and ratios included in this Prospectus.

Financial Services Guide

The provider of the Independent Limited Assurance Report on the Financial Information is required to provide Australian retail clients with a Financial Services Guide in relation to that review under the Corporations Act. The Independent Limited Assurance Report and accompanying Financial Services Guide is provided in Section 8.

Use of trademarks

This Prospectus includes the Company's registered and unregistered trademarks. All other trademarks, trade names and service marks appearing in this Prospectus are the property of their respective owners and use is not intended to represent sponsorship, approval or association by the Company or the Lead Manager.

Questions

If you have any questions about how to apply for Shares, call your Broker or the Offer Information Line on 1800 677 648 (within Australia) or +61 1800 677 648 (outside Australia) between 8:30am and 5:30pm (AEST), Monday to Friday (excluding public holidays). Instructions on how to apply for Shares are set out on Section 7 of this Prospectus and on the back of the Application Form.

If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in Shares.

This Prospectus is important and should be read in its entirety.

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Key dates

Key dates

Prospectus Date	Monday, 14 September 2020
Exposure Period begins	Tuesday, 15 September 2020
Exposure Period ends	Monday, 21 September 2020
Broker Firm Offer, Priority Offer, Customer Offer, Employee Gift Offer and Cleansing Offer opens (Opening Date)	9:00am (AEST) Tuesday, 22 September 2020
Customer Offer closes (Customer Offer Closing Date)	5pm (AEST) Monday, 12 October 2020
Broker Firm Offer, Priority Offer, Employee Gift Offer closes (Closing Date)	5pm (AEST) Monday, 19 October 2020
Settlement of the Offer (other than the Cleansing Offer)	Wednesday, 21 October 2020
Issue and allotment of Shares under the Offer (other than the Cleansing Offer) (Completion)	Monday, 26 October 2020
Cleansing Offer closes (Cleansing Offer Closing Date)	5:00pm (AEST) Monday, 26 October 2020
Expected commencement of trading of Shares on ASX on a normal settlement basis	Tuesday, 27 October 2020
Expected completion of despatch of holding statements	Friday, 30 October 2020

Note:

The above timetable is indicative only and may change. Unless otherwise indicated, all times are stated in Melbourne, Australia time (AEST). The Company, in conjunction with the Lead Manager, reserve the right to vary any and all of the above dates and times without notice, including, subject to the Corporations Act, to close the Offer early, to extend the Customer Offer Closing Date, the Closing Date or the Cleansing Offer Closing Date, or to accept late Applications, either generally or in particular cases. The Company reserves the right to cancel or withdraw the Offer before Completion, in each case without notifying any recipient of this Prospectus or Applicants. If the Offer is cancelled or withdrawn before the issue of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Application Form as soon as possible after the Offer opens.

Key Offer statistics

Key Offer statistics ¹	Minimum Subscription	Maximum Subscription
Offer Price	\$1.00 per Share	\$1.00 per Share
Shares available under the Offer comprising:	30,450,000	40,450,000
Shares to be issued under the Offer (excluding the Employee Gift Offer and Cleansing Offer) ²	30,000,000	40,000,000
Shares to be issued under the Employee Gift Offer	450,000	450,000
Shares to be held by existing Shareholders at Completion	104,086,766	104,086,766
Shares to be issued to Noteholders	45,913,245	45,913,245
Shares to be issued to certain Non-Executive Directors ³	75,000	75,000
Total Shares on issue at Completion of the Offer	180,525,011	190,525,011
Total proceeds from the Offer comprising:	\$30.00 million	\$40.00 million
Total proceeds from the issue of Shares under the Offer (excluding the Employee Gift Offer and Cleansing Offer) ²	\$30.00 million	\$40.00 million
Total proceeds from the issue of Shares under the Employee Gift Offer	nil	nil
Market capitalisation of the Company at the Offer Price ⁴	\$180,525,011	\$190,525,011
Pro forma net cash as at 30 June 2020 ⁵	\$31,145,390	\$40,500,390
Enterprise Value of the Company at the Offer Price ⁶	\$149,379,621	\$150,024,621
Number of Options on issue following Completion ⁷	1,911,940	1,911,940
Pro forma forecast FY21F EBITDA ⁸	\$12,663,550	\$12,663,550
Enterprise Value of the Company to pro forma forecast FY21F EBITDA	11.80 times	11.85 times
Pro forma forecast FY21F operating cash flow ⁹	\$19,976,329	\$19,976,329
Market capitalisation to pro forma forecast FY21F operating cash flow	9.04 times	9.54 times

Notes:

1. The key Offer statistics contain Forecast Financial Information set out in Section 4, prepared on the basis of best estimate assumptions set out in Section 4.6 and should be read in conjunction with the discussion of the Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information in Section 4.7, the sensitivities set out in Section 4.8 and the risk factors set out in Section 5.
2. This excludes the one (1) Share offered under the Cleansing Offer at the Offer Price.
3. These represent Shares the Company has resolved to issue to certain Non-Executive Directors, subject to Completion of the Offer, as a special exertion fee for their involvement in the Offer (please refer to Section 6.3.4.1 for more information).
4. Market capitalisation of the Company at the Offer Price is calculated as the Offer Price multiplied by the total number of Shares on issue on Completion.
5. Net cash is calculated on a pro forma basis (as at 30 June 2020), immediately after Completion, after deducting financial liabilities (as at 30 June 2020).
6. Enterprise Value of the Company at the Offer Price is calculated by subtracting pro forma net cash (as at 30 June 2020) from market capitalisation of the Company at the Offer Price.
7. These represent Options that the Company has resolved to issue to its Executive Directors and Senior Executives under the Company's LTI Plan (please refer to Section 6.3.4.3 for more information).
8. Pro Forma Forecast FY21F Earnings before Interest, tax, depreciation and amortisation is calculated after adjusting for one-off costs associated with the Offer as set out in Sections 4.2.4 and 4.3.
9. Pro Forma Forecast FY21F Operating cash flow is calculated after adjusting for one-off costs associated with the Offer as set out in Section 4.4.

Letter from the Chair

Dear investor,

On behalf of the Board and the team, it gives me great pleasure to invite you to become a shareholder of Aussie Broadband Limited.

Aussie Broadband has grown to become Australia's fifth largest provider of nbn™ (**NBN**) services, connecting more than 250,000 Residential and Business customers across the country as at 30 June 2020. Over the last four years, the Company has exhibited rapid growth through a combination of our innovative, competitively-priced NBN bundles, together with the NBN becoming more widely available across Australia.

The COVID-19 pandemic has fast-tracked digital trends including remote and distributed work, e-commerce, and the demand for streaming entertainment. The internet is firmly embedded into our daily lives, and high speed internet has become essential to our work and lifestyle. Aussie Broadband's business benefits from the ever-increasing appetite of Australian consumers and businesses for fast and reliable internet connectivity.

Aussie Broadband offers exceptional products and we are known for our customer service. We are very proud in the knowledge that Aussie Broadband is the highest rated telecommunications service company in Australia in a number of widely published customer satisfaction scores. Importantly, we have invested in automation to realise cost and operational efficiencies while maintaining superior customer service through our Australian-based call centres.

In May 2020 our business began rolling out our own dark fibre network, which is the first phase of a project that is expected to replace 63% of the Backhaul infrastructure to NBN points of interconnect (**POIs**) that is currently leased from third parties. We expect this significant investment to materially improve future operating margins on a like-for-like basis.

Aussie Broadband is led by an experienced and diverse management team. Our Managing Director, Phillip Britt, is an entrepreneurial innovator with more than 24 years' experience in the telecommunications industry. The Board and management team recognises that our most significant assets are our people that exhibit and embody our core values. The Company's strong culture is based on the belief that the best way to deliver value to our customers and Shareholders is by creating a place where our people can thrive as part of the Aussie Broadband family. We want to be very clear that anyone investing in the Company is also investing into our culture and family.

Our business has grown strongly over the past three years and we expect to maintain this growth in FY21F. As at the end of FY18 the Company provided approximately 60,000 Residential connections and generated revenue of \$49.27 million, and by the end of FY21F we forecast this to grow to approximately 368,000 Residential connections and pro-forma revenue of \$338.10 million.

The growth in the Company's business is reflected in its revenue numbers, which have continued to strengthen in recent years. In FY20, the Company returned to a positive EBITDA result of \$1.58 million (on a pro-forma EBITDA basis), and this is forecast to grow to \$12.66 million in FY21F (on pro-forma basis). Similarly, the operating cashflow generated by the Company reached \$6.70 million in FY20 (on a pro forma basis) and is forecast to grow to \$19.98 million in FY21F (on a pro-forma basis).

Though the Company is 12 years old, listing on the ASX and becoming a public company marks the beginning of the next chapter of our journey. The Board and management team are committed to executing on the growth plan and have ambition to deliver this growth in alignment with the Company's core values.

On Completion of the Offer, Aussie Broadband's pro-forma cash balance as at 30 June 2020 is expected to be \$48.19 million and \$57.55 million (at the Minimum Subscription and Maximum Subscription respectively), which will enable the Company to execute on its strategic goals, including accelerating infrastructure development, customer acquisition, ongoing development and launch of innovative new products and the expansion of our growing business offering.

Through this Prospectus, Aussie Broadband is making an offer to raise up to \$40.00 million by inviting certain existing Shareholders, investors and Eligible Customers to subscribe for up to 40.00 million Shares at the Offer Price of \$1.00 per Share. In addition, this Prospectus includes an offer of up to 450,000 Shares to Eligible Employees, who can each apply for up to 1,000 Shares for nil consideration. Existing Shareholders, including founders, management and Directors are anticipated to hold approximately 83.09% and 78.73% of the total Shares on issue upon Completion of the Offer (on the Minimum Subscription and Maximum Subscription respectively).

This Prospectus contains detailed information about the Offer, the telecommunications industry, Aussie Broadband's business and our historical and forecast financial performance. In particular, an investment in Aussie Broadband involves a range of company specific and industry wide risks; some of which may not be within the Company's control. The key risks relevant to an investment in the Company are discussed in detail in Section 5.

Applications for Shares can only be made by completing and lodging an Application Form accompanying this Prospectus. Instructions on how to apply for Shares are set out in Section 7 and on the Application Form.

I encourage you to read the Prospectus carefully and in its entirety before making an investment decision and further recommend that you seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser, if required.

On behalf of my fellow Directors and our management team, we look forward to welcoming you as a Shareholder.

Yours faithfully,



Adrian Fitzpatrick
Chair

Aussie Broadband Limited

1

Investment Overview

1 Investment Overview

Important notice

This Section 1 is not intended to provide full details of the investment opportunity. Investors must read this Prospectus in full to make an informed investment decision. The Shares offered under this Prospectus carry no guarantee of return of capital, return on investment, payment of dividends or on the future value of the Shares. In addition, past financial performance is not a guide to future financial performance.

1.1. Overview of the Company and its business model

Topic	Summary	More information
Who is Aussie Broadband?	<p>Aussie Broadband is an Australian owned and operated telecommunications company that was formed in 2008 following the strategic merger of Wideband Networks Pty Ltd (Wideband Networks) based in the Latrobe Valley, Victoria and Westvic Broadband Pty Ltd (Westvic Broadband) based in Warrnambool, Victoria. Wideband Networks and Westvic Broadband both began operations in 2003. Most of the founders of both businesses remain significant shareholders, board members and/or executives of Aussie Broadband today.</p> <p>Aussie Broadband competes against the major telecommunication carriers in Australia within the Residential and Business segments.</p>	Section 3.2
What does Aussie Broadband do?	<p>Aussie Broadband provides nbn™ (NBN) subscription plans and bundles to residential homes, small businesses, not-for-profits, corporate/enterprise and managed service providers. The Company services all states and territories in Australia.</p> <p>As a licensed carrier, the Company provides these services through:</p> <ul style="list-style-type: none">• a wholesale agreement with NBN Co;• a mix of leased Backhaul infrastructure from third parties; and• its own network equipment.	Sections 3.4 and 3.5.3
Where does Aussie Broadband operate?	<p>Aussie Broadband delivers telecommunications services and products throughout Australia.</p> <p>The Company is headquartered in Morwell, Victoria with another national call centre in Lynbrook, Victoria.</p>	Sections 3.1 and 3.2
What services and products does Aussie Broadband Offer?	<p>Aussie Broadband connects its customers to the NBN offering subscription plans and bundles for Residential and Business customers.</p> <p>Besides NBN services, Aussie Broadband offers a range of other telecommunications services including VOIP, mobile plans and entertainment bundles through its partnership with Fetch TV.</p>	Section 3.4.1

1 Investment Overview

1.1. Overview of the Company and its business model (cont.)

Topic	Summary	More information
What is the NBN and how does this relate to Aussie Broadband?	<p>The NBN is Australia's publicly owned wholesale, local access broadband network and aims to provide access to fast, reliable and affordable broadband services. The NBN delivers high-speed broadband across Australia to 11.7 million premises with 7.4 million connected as at June 2020.</p> <p>A goal of the NBN is to enhance competition in the Australian telecommunications industry and provide greater choice for customers. This is by providing access to all Retail Service Providers (RSPs) on a non-discriminatory basis.</p> <p>Aussie Broadband is a supplier of broadband services to the retail market and principally sells access to the NBN via all available connection technologies to the NBN other than satellite. These NBN services account for the majority of the Company's revenues.</p>	Sections 2.3.1 and 3.4.1
How does Aussie Broadband generate income?	<p>Aussie Broadband generates revenue through monthly subscription payments by Residential and Business customers, as well as longer-term contracts with larger businesses.</p> <p>The Company adds customers through sales channels including Australian-based call centres, online via its website, tenders and business development managers.</p> <p>The Company's Residential customers are largely on month-to-month agreements while business customers range from month-to-month arrangements through to specific longer-term contracts.</p>	Section 3.4.2
What is the Aussie Broadband backhaul fibre project?	<p>The Company currently leases Backhaul infrastructure from third parties.</p> <p>To reduce its reliance on third party infrastructure, the Company has undertaken an initial scoping of and has recently started the roll out of its own dark fibre (fibre optic cable) network. Over time, this project is expected to replace 63% of the Company's leased Backhaul capacity to NBN Points of Interconnect (POIs) and will remove all leased dark fibre capacity currently between capital city data centre sites.</p> <p>Capital expenditure on this project is budgeted to be \$67 million and is expected to require two years to complete. The first two stages of deployment of the Company's fibre project commenced in May 2020 and are expected to be completed during September 2020.</p> <p>The Company estimates that the fibre project will have a minimum useful life of 25 years, and will improve the Company's ability to provide redundancy and increase capacity loads to meet market demand.</p>	Section 3.5.4

1.1. Overview of the Company and its business model (cont.)

Topic	Summary	More information
What is Aussie Broadband's strategy for growth?	<ul style="list-style-type: none">• Strongly grow its market share by leveraging the Company's evident customer loyalty to deliver new products and by investing in customer acquisition;• To challenge larger telecommunication companies, by delivering exceptional customer experience and innovative products. Aussie Broadband is wholly committed to maintaining and improving its industry-leading customer experience through systems, processes and customer communications;• Invest in the Company's own network infrastructure to enhance the customer experience while improving financial margins; and• Maintain a thriving workplace and culture.	Section 3.3
How will Aussie Broadband seek to generate returns for investors?	The Company will seek to drive growth in earnings and cashflow through the strategies discussed above to increase the number of Residential and Business customers and drive recurring subscription revenue streams.	Section 3.4

1.2. Key features of Aussie Broadband's industry

Topic	Summary	More information
What industry does Aussie Broadband compete in?	Aussie Broadband operates within the Australian telecommunications industry. Internet Service Providers (ISPs), which constitute a subset of the larger telecommunications industry in Australia, are forecast to generate \$5.5 billion in revenue in 2020.	Sections 2.1 and 2.4
Who are Aussie Broadband's competitors in the RSP markets?	<p>As at June 2020, including Aussie Broadband, there were a total 18 wholesale providers providing NBN broadband access direct to the end user or to other RSPs.</p> <p>With about 189 direct and indirect NBN service providers as at June 2020, the NBN market is crowded and competitive, yet 92% of the market is concentrated to four main companies.</p> <p>For more information, please refer to Figure 2.11 in Section 2.5.2, which illustrates the market share of the top six NBN providers by number of NBN services in operation over the last four years.</p>	Sections 2.5.1 and 2.5.2

1 Investment Overview

1.2. Key features of Aussie Broadband's industry (cont.)

Topic	Summary	More information
What are the competing technologies and do these pose a threat to Aussie Broadband's business model?	While Aussie Broadband provides internet access via direct connectivity to the NBN, other technologies also allow access to internet services, including fixed wireless and mobile wireless solutions, such as 4G and 5G networks.	Section 2.6
What are the key drivers of growth in the industry?	<ul style="list-style-type: none"> • population growth; • video and audio streaming services; • growth in hardware and device penetration; • business demand; and • remote and distributed work. 	Section 2.4

1.3. Key strengths

Topic	Summary	More information
Growing consumer demand for high-speed internet connectivity	The primary driver of growth and development in the Australian telecommunications industry has been, and is expected to continue to be, the increasing demand for data consumption.	Section 2.4.1
Large and growing market	<p>Aussie Broadband operates within the large Australian telecommunications industry and has grown its market share as a RSP (which is effectively an ISP for NBN services). ISPs are forecast to generate \$5.5 billion in revenue in 2020.</p> <p>Aussie Broadband has grown its NBN market share from 1.09% in June 2017 to 3.51% as at June 2020.</p>	Sections 2.1, 2.3, 2.4 and 2.5.2
Strong track record of growth	<p>As at June 2020, the Company provided approximately 243,000 Residential connections. In FY20 Aussie Broadband added approximately 150,000 new Residential connections.</p> <p>The Company generated revenue of \$156.05 million from its Residential segment in FY20, representing an increase of approximately 97% year-on-year on Residential revenue of \$79.22 million in FY19.</p>	Sections 3.4.2 and 4.7

1.3. Key strengths (cont.)

Topic	Summary	More information
Competitive strengths	<ul style="list-style-type: none"> • Strong customer satisfaction and brand loyalty. • Marketing and brand – Aussie Broadband relies on its in-house marketing team to develop its marketing campaigns, which utilise positive customer feedback and reviews to emphasise the Company's competitive advantages of speed and customer service to prospective customers. • Software and systems – Development and deployment of software and systems, including its in-house developed platform for customer management and billing, and the CVCBot, which is responsible for managing bandwidth across the Company's NBN network. • Corporate and employee culture – In 2020, Aussie Broadband became a Certified Great Place to Work and over the past four years, employees have consistently scored the Company at 90% or higher against the statement "is this a great place to work?". 	Sections 3.5.1, 3.5.2, 3.5.6 and 3.6
Fibre project	<p>This project is expected to replace 63% of the Company's leased Backhaul capacity to NBN POIs and will remove all leased dark fibre capacity currently between capital city data centre sites.</p> <p>This project is expected to reduce Aussie Broadband's reliance on third-party carriers and is designed to reduce costs associated with leasing backhaul and dark fibre.</p>	Section 3.5.4
Experienced senior management team	Aussie Broadband is managed by an experienced leadership team with diverse management experience across many industries.	Sections 6.1 and 6.2
Alignment of interests	Executive Directors and Senior Executives are anticipated to hold approximately 22.56% and 21.38% of the total Shares on issue in the Company at Completion of the Offer (on the Minimum Subscription and Maximum Subscription respectively, and excluding any Shares subscribed for under the Offer or issued upon the exercise of any Options). The Board believes this ownership interest will strongly align the interests of Senior Executives and Directors, with that of Shareholders.	Section 7.3.1

1 Investment Overview

1.4. Key risks

Topic	Summary	More information
Competition	The Company faces significant competition where the Australian retail broadband market is dominated by four major telecommunication carriers being Telstra, TPG, Optus and Vocus, who collectively hold approximately 92% of the market share.	Section 5.1.1
NBN rollout	The competitive landscape of the Australian telecommunications industry is influenced by the Australian government's rollout of the NBN, which is intended to increase industry competition. Accordingly, any changes to existing policies of NBN Co regarding the rollout of the NBN could result in increased competition in the Australian retail broadband market.	Section 5.1.2
NBN Co Pricing	The regulatory framework governing the rollout of the Australian National Broadband Network enables NBN Co to set pricing for NBN access. Any changes to the amounts and manner in which NBN access pricing is charged to carriers such as Aussie Broadband, have the potential to impact the Company.	Section 5.1.3
COVID-19	Whilst the COVID-19 pandemic has not, as at the Prospectus Date, materially impacted the Company's business, if the spread of COVID-19 continues, and/or the actions taken by regulatory authorities to combat COVID-19 persist, the Company's operational and financial performance could be adversely affected.	Section 5.1.4
Population growth and new dwelling construction	The future growth and performance of Aussie Broadband and demand for its services will in part, be influenced by the level of population growth, housing construction and home relocations. If there is a decline in population growth and/or new dwelling construction, including as a result of the spread of COVID-19 or the actions taken to combat COVID-19, the Company's operational and financial performance could be adversely affected.	Section 5.1.5
Alternate technologies	Other technologies that provide internet access, such as fixed wireless and mobile wireless solutions, may pose a threat to fixed line fibre networks, including NBN technologies and the network primarily relied upon by the Company.	Sections 2.6 and 5.1.6
Design, construction, and development risk	As the Company intends to construct its own Backhaul fibre optic network, any major capital expenditure, project delays or unexpected costs associated with the design, construction, and development may adversely impact the Company's operating results.	Section 5.1.7

1.4. Key risks (cont.)

Topic	Summary	More information
Backhaul pricing risk	Aussie Broadband purchases managed wavelength and dark fibre services from third party infrastructure operators to provide its Backhaul. As pricing levels are set by the respective third party operators, which may increase over time, if Aussie Broadband is unable to secure alternative supply of comparable services and at competitive prices, its financial performance may be impacted.	Section 5.1.8
Carrier licence and regulatory risk	The Company operates in the telecommunications industry which is highly regulated and requires the Group to hold a valid carrier licence. In addition to such licensing obligations, the Company is required to comply with a range of laws and regulations to conduct its business in Australia, including laws and regulations relating to telecommunications, privacy and data protection, competition and consumer protection, property, employment and workplace relations, occupational health and safety, corporate affairs, and international trade. Material changes to this regulatory environment could impact on the financial performance of the Company.	Section 5.1.10
Regulation of market behaviour	The Company is subject to having its market behaviour monitored and regulated by the Australian Communications and Media Authority, the Australian Competition and Consumer Commission and the Telecommunications Industry Ombudsman as well as state Fair Trading Bodies. Any substantial failure by the Company to comply with applicable regulations could result in cessation of, or restrictions on, parts or all of its business, penalties or other liabilities to the Company, significant remedy costs, damage to the Company's brand and loss of revenue.	Section 5.1.11
Supplier concentration risk	The Company contracts third party suppliers to provide network equipment and other services. If these suppliers' services were interrupted, or if the Company fails to maintain relationships with these suppliers, the business operations and the financial results of the Company could be adversely affected.	Section 5.1.12
Loss of customers or contracts	While no single customer relationship is material to the Company, if the Company is unable to retain its customers and/or acquire new customers to replace departing customers due to a perceived decline in the quality of the Company's products or services or as a result of increased competition in the industry, the Company's financial operations and performance could be adversely affected.	Section 5.1.13
Key management personnel	The Company relies heavily on its existing key management personnel (in particular its Managing Director, Phillip Britt and CTO, John Reisinger), who have intimate knowledge of the business. Any departure of members of the Company's key management team could have an adverse effect on the Company's performance.	Section 5.1.16

1 Investment Overview

1.4. Key risks (cont.)

Topic	Summary	More information
Innovation risks	As a telecommunications business, the Company is potentially vulnerable to risks relating to technological developments in software and infrastructure used in the telecommunications industry. If the Company is unable to develop, adopt or integrate the latest technologies into its existing infrastructure, the Company's operations and financial performance may be affected.	Section 5.1.17
Product development risks	There is a risk that any initiatives undertaken by the Company to introduce new products or services or functionality may result in unforeseen costs or risks, may not perform as intended or may not deliver the growth in customers.	Section 5.1.18
Network infrastructure risk	Various aspects of the Company's operations depend on the performance, reliability and availability of its infrastructure technology. There is a risk that these technologies, platforms and systems may be adversely affected by a number of factors, including damage, equipment faults, power failure, computer viruses, misuse by employees or contractors, or external or malicious interventions, such as hacking, fire, natural disasters or weather interventions.	Section 5.1.19
Bandwidth and network requirements	A key aspect of the delivery of the Company's services is providing sufficient fixed line broadband bandwidth for customers. If the Company were unable to deploy sufficient network infrastructure the Company's financial and operating performance may be adversely affected.	Section 5.1.20
Data security risk	Protection of company, customer, employee and third-party data is critical to the Company's ongoing business and the Company has adopted robust data protection systems for this purpose. However, any failure of such systems may result in reputational damage, regulatory impositions (such as for breaches of the <i>Privacy Act 1988</i> (Cth)) and financial loss, including claims for compensation by customers or penalties by telecommunications regulators or other authorities.	Section 5.1.21
Brand maintenance	The Company's reputation and the value of its brand may be damaged as a result of negative customer or end-user experiences due to poor product performance or product failures, adverse media coverage or other publicity or disputes with customers, suppliers or employees. Erosion of the Company's reputation as a result of one or a combination of these factors may adversely impact the Company's ability to attract and retain customers, thereby affecting revenue performance and profitability.	Section 5.1.22

1.4. Key risks (cont.)

Topic	Summary	More information
Growth strategies	The Company has a number of strategies in place to generate future growth and earnings, including the proposed development and construction of an internally owned and operated fibre optic network. There is a risk that the implementation of these strategies will be subject to delays or cost overruns and there is no guarantee that these strategies will generate the customer demand, full financial benefits anticipated or result in future sales and earnings growth and may not deliver a return on investment.	Section 5.1.23
Convertible Notes maturity risk	As at the Prospectus Date, the Company currently has a number of Convertible Notes on issue. There is a risk that the Company will not be admitted to the Official List prior to maturity date of the Convertible Notes, in which event the Noteholders may require their Convertible Notes to be redeemed and for the Company to repay the face value and accrued interest on the relevant Convertible Notes. The redemption of a large number of the Convertible Notes will have a significant effect on the Company's cash flow and the ability of the Company to complete the Offer.	Sections 5.1.28 and 7.3.2

1 Investment Overview

1.5. Key operating and financial metrics

Topic	Summary		More information
What is the Company's key historical and forecast financial information?	The Financial Information of the Company is contained in Section 4 and includes the following:		Section 4.1
	Figure 1.1: Summary of Financial Information included in Section 4		
	Statutory financial information	Pro Forma financial information	
Historical Financial Information	Statutory Historical Financial Information comprises the following <ul style="list-style-type: none">statutory historical consolidated income statement for FY18, FY19 and FY20 (Statutory Historical Income Statements);statutory historical consolidated statement of cash flows for FY18, FY19 and FY20 (Statutory Historical Statement of Cash Flows); andstatutory historical consolidated statement of financial position as at 30 June 2020 (Statutory Historical Statement of Financial Position)	Pro Forma Historical Financial Information comprises the following <ul style="list-style-type: none">pro forma historical consolidated income statement for FY18, FY19 and FY20 (Pro Forma Historical Income Statements);pro forma historical consolidated statement of cash flows for FY18, FY19 and FY20 (Pro Forma Historical Statement of Cash Flows); andpro forma historical consolidated statement of financial position as at 30 June 2020 (Pro Forma Historical Balance Sheet).	
Forecast Financial Information	Statutory Forecast Financial Information comprises the following <ul style="list-style-type: none">statutory forecast consolidated income statement for FY21F (Statutory Forecast Income Statement); andstatutory forecast consolidated statement of cash flows for FY21F (Statutory Forecast Statement of Cash Flows).	Pro Forma Forecast Financial Information comprises the following <ul style="list-style-type: none">pro forma forecast consolidated income statement for FY21F (Pro Forma Forecast Income Statement); andpro forma forecast consolidated statement of cash flows for FY21F (Pro Forma Forecast Statement of Cash Flows).	

1.5. Key operating and financial metrics (cont.)

Topic	Summary	More information																																																																						
What is the Company's key historical and forecast financial information? continued	<p>The Statutory Historical Financial Information and Statutory Forecast Financial Information are, together, the Statutory Financial Information.</p> <p>The Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information are, together, the Pro Forma Financial Information.</p> <p>The Historical Financial Information and the Forecast Financial Information are together referred to as the Financial Information.</p> <p>Aussie Broadband has a 30 June financial year end.</p>	Section 4.1																																																																						
What is the Company's historical and forecast financial performance	<p>Figure 1.2: Summary pro-forma historical and pro forma forecast income statements – FY18 to FY21F</p> <table><tr><th></th><th colspan="3">Pro forma Historical</th><th>Pro forma Forecast</th></tr><tr><th>\$000</th><th>FY18</th><th>FY19</th><th>FY20</th><th>FY21F</th></tr><tr><td>Revenue</td><td>49,266</td><td>99,652</td><td>190,493</td><td>338,095</td></tr><tr><td>Network and hardware expenses</td><td>(37,053)</td><td>(80,141)</td><td>(145,700)</td><td>(251,719)</td></tr><tr><td>Employee expenses</td><td>(9,210)</td><td>(13,609)</td><td>(24,211)</td><td>(38,762)</td></tr><tr><td>Marketing expenses</td><td>(1,341)</td><td>(3,830)</td><td>(11,216)</td><td>(23,789)</td></tr><tr><td>Administration and other expenses</td><td>(3,069)</td><td>(5,353)</td><td>(7,791)</td><td>(11,162)</td></tr><tr><td>EBITDA</td><td>(1,407)</td><td>(3,280)</td><td>1,575</td><td>12,664</td></tr><tr><td>Depreciation and amortisation</td><td>(2,439)</td><td>(3,135)</td><td>(5,503)</td><td>(10,896)</td></tr><tr><td>EBIT</td><td>(3,846)</td><td>(6,415)</td><td>(3,929)</td><td>1,767</td></tr><tr><td>Net financing expenses</td><td>(225)</td><td>(999)</td><td>(1,173)</td><td>(1,239)</td></tr><tr><td>Profit/(loss) before income tax benefit</td><td>(4,070)</td><td>(7,415)</td><td>(5,102)</td><td>529</td></tr><tr><td>Income tax benefit</td><td>–</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Profit/(loss) after income tax benefit</td><td>(4,070)</td><td>(7,415)</td><td>(5,102)</td><td>529</td></tr></table>		Pro forma Historical			Pro forma Forecast	\$000	FY18	FY19	FY20	FY21F	Revenue	49,266	99,652	190,493	338,095	Network and hardware expenses	(37,053)	(80,141)	(145,700)	(251,719)	Employee expenses	(9,210)	(13,609)	(24,211)	(38,762)	Marketing expenses	(1,341)	(3,830)	(11,216)	(23,789)	Administration and other expenses	(3,069)	(5,353)	(7,791)	(11,162)	EBITDA	(1,407)	(3,280)	1,575	12,664	Depreciation and amortisation	(2,439)	(3,135)	(5,503)	(10,896)	EBIT	(3,846)	(6,415)	(3,929)	1,767	Net financing expenses	(225)	(999)	(1,173)	(1,239)	Profit/(loss) before income tax benefit	(4,070)	(7,415)	(5,102)	529	Income tax benefit	–	–	–	–	Profit/(loss) after income tax benefit	(4,070)	(7,415)	(5,102)	529	Section 4.3.1
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1 Investment Overview

1.5. Key operating and financial metrics (cont.)

Topic	Summary	More information																																																																						
What is the Company's historical and forecast financial performance continued	<p>Figure 1.3: Summary statutory historical and statutory forecast income statements – FY18 –to FY21F</p> <table><tr><th></th><th colspan="3">Statutory Historical</th><th>Statutory Forecast</th></tr><tr><th>\$000</th><th>FY18</th><th>FY19</th><th>FY20</th><th>FY21F</th></tr><tr><td>Revenue</td><td>49,266</td><td>99,652</td><td>190,493</td><td>338,095</td></tr><tr><td>Network and hardware expenses</td><td>(38,475)</td><td>(81,764)</td><td>(145,700)</td><td>(251,719)</td></tr><tr><td>Employee expenses</td><td>(7,182)</td><td>(11,644)</td><td>(22,869)</td><td>(39,131)</td></tr><tr><td>Marketing expenses</td><td>(1,341)</td><td>(3,830)</td><td>(11,216)</td><td>(23,789)</td></tr><tr><td>Administration and other expenses</td><td>(2,424)</td><td>(4,787)</td><td>(7,644)</td><td>(12,689)</td></tr><tr><td>EBITDA</td><td>(156)</td><td>(2,373)</td><td>3,064</td><td>10,767</td></tr><tr><td>Depreciation and amortisation</td><td>(901)</td><td>(1,656)</td><td>(5,503)</td><td>(10,896)</td></tr><tr><td>EBIT</td><td>(1,057)</td><td>(4,029)</td><td>(2,439)</td><td>(129)</td></tr><tr><td>Net financing expenses</td><td>(24)</td><td>(860)</td><td>(9,860)</td><td>(15,030)</td></tr><tr><td>Loss before income tax benefit</td><td>(1,081)</td><td>(4,889)</td><td>(12,299)</td><td>(15,159)</td></tr><tr><td>Income tax benefit</td><td>–</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Loss after income tax benefit</td><td>(1,081)</td><td>(4,889)</td><td>(12,299)</td><td>(15,159)</td></tr></table>		Statutory Historical			Statutory Forecast	\$000	FY18	FY19	FY20	FY21F	Revenue	49,266	99,652	190,493	338,095	Network and hardware expenses	(38,475)	(81,764)	(145,700)	(251,719)	Employee expenses	(7,182)	(11,644)	(22,869)	(39,131)	Marketing expenses	(1,341)	(3,830)	(11,216)	(23,789)	Administration and other expenses	(2,424)	(4,787)	(7,644)	(12,689)	EBITDA	(156)	(2,373)	3,064	10,767	Depreciation and amortisation	(901)	(1,656)	(5,503)	(10,896)	EBIT	(1,057)	(4,029)	(2,439)	(129)	Net financing expenses	(24)	(860)	(9,860)	(15,030)	Loss before income tax benefit	(1,081)	(4,889)	(12,299)	(15,159)	Income tax benefit	–	–	–	–	Loss after income tax benefit	(1,081)	(4,889)	(12,299)	(15,159)	Section 4.3.1
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How does the Company expect to fund its operations?	<p>To date, Aussie Broadband has funded its operations through cash flow generated by the business equity and debt capital raising. Going forward, Aussie Broadband expects to fund its future operations through these methods.</p> <p>Along with cash held at Completion of the Offer, the Directors believe that the Company will have sufficient cash flow from operations to meet business needs during the Forecast Period and will have sufficient working capital to carry out its stated business objectives.</p>	Section 4																																																																						
What is the Company's dividend policy?	<p>The Directors have no current intention to pay dividends on its Shares, as it is their intention to reinvest all cash flow into the business and on Company's capital expenditure projects, in order to maximise its growth. Accordingly, no dividends are expected to be paid in the near term following the Company's listing on the ASX.</p>	Section 4.9																																																																						

1.5. Key operating and financial metrics (cont.)

Topic	Summary	More information																																																		
What will the Company's capital structure be on Completion of the Offer?	<p>On Completion and assuming the Maximum Subscription is achieved, the Company will have 190,525,011 Shares on issue comprised of:</p> <ul style="list-style-type: none">• 104,086,766 Shares currently on issue as at the Prospectus Date;• 45,913,245 Shares will be issued upon conversion of the Convertible Notes (this is an estimate only based on the estimated aggregate principal and accrued interest on the Convertible Notes which will be converted into Shares; for more information, please refer to Section 7.3.2);• 75,000 Shares to be issued to certain Non-Executive Directors as a special exertion fee for their involvement in the Offer; and• 40.45 million Shares will be issued under the Offer at the Maximum Subscription.	Section 7.3.1																																																		
What is the purpose of the Offer and use of funds?	<p>The table below sets out a summary of the anticipated use of the proceeds of the Offer:</p> <p>Figure 1.4: Sources and use of funds</p> <table><tr><th></th><th colspan="2">Minimum Subscription</th><th colspan="2">Maximum Subscription</th></tr><tr><th>Sources of funds</th><th>\$</th><th>%</th><th>\$</th><th>%</th></tr><tr><td>Offer proceeds from the issue of New Shares</td><td>30,000,000</td><td>100.00%</td><td>40,000,000</td><td>100.00%</td></tr><tr><td>Total</td><td>30,000,000</td><td>100.00%</td><td>40,000,000</td><td>100.00%</td></tr></table> <table><tr><th></th><th colspan="2">Minimum Subscription</th><th colspan="2">Maximum Subscription</th></tr><tr><th>Use of funds</th><th>\$</th><th>%</th><th>\$</th><th>%</th></tr><tr><td>Deployment of fibre optic network</td><td>20,000,000</td><td>66.67%</td><td>26,500,000</td><td>66.25%</td></tr><tr><td>Working capital and marketing</td><td>7,000,000</td><td>23.33%</td><td>10,000,000</td><td>25.00%</td></tr><tr><td>Costs associated with the Offer</td><td>3,000,000</td><td>10.00%</td><td>3,500,000</td><td>8.75%</td></tr><tr><td>Total</td><td>30,000,000</td><td>100.00%</td><td>40,000,000</td><td>100.00%</td></tr></table>		Minimum Subscription		Maximum Subscription		Sources of funds	\$	%	\$	%	Offer proceeds from the issue of New Shares	30,000,000	100.00%	40,000,000	100.00%	Total	30,000,000	100.00%	40,000,000	100.00%		Minimum Subscription		Maximum Subscription		Use of funds	\$	%	\$	%	Deployment of fibre optic network	20,000,000	66.67%	26,500,000	66.25%	Working capital and marketing	7,000,000	23.33%	10,000,000	25.00%	Costs associated with the Offer	3,000,000	10.00%	3,500,000	8.75%	Total	30,000,000	100.00%	40,000,000	100.00%	Sections 7.1.3 and 7.1.4
	Minimum Subscription		Maximum Subscription																																																	
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1 Investment Overview

1.6. Directors and key management

Topic	Summary	More information
Who are the Directors?	<ul style="list-style-type: none"> • Adrian Fitzpatrick, <i>Non-Executive Chair</i> Adrian has extensive operational, financial management and strategic experience from a career that has spanned over 30 years. He has held senior leadership and management positions with Pitcher Partners, where he was one of the firm's founding partners. • Phillip Britt, <i>Managing Director</i> Phillip is a highly experienced executive with 24 years in the telecommunications industry. He co-founded Wideband Networks in 2003 and became Managing Director when it merged with Westvic Broadband in 2008 under the name Aussie Broadband. • John Reisinger, <i>Executive Director and CTO</i> John has worked in the telecommunications industry since 2001. He was a co-founder of Wideband Networks and has held the role of Chief Technology Officer at Aussie Broadband since 2008, also serving on the Board as a Director since that time. • Patrick Greene, <i>Non-Executive Director</i> Patrick has owned retail businesses since 1987 and has extensive sales, marketing, financial and management experience. • Richard Dammary, <i>Non-Executive Director</i> Richard has held a range of non-executive and senior leadership roles in major Australian and New Zealand companies. He has considerable telecommunications industry experience and was previously a partner of Minter Ellison lawyers. • Vicky Papachristos, <i>Non-Executive Director</i> Vicky is an experienced company director, executive and marketing and business development consultant with over 30 years' experience. She has worked in both Australia and the United States, across private, public/ASX, government, not-for-profit/mutual organisations and start-ups. 	Section 6.1

1.6. Directors and key management (cont.)

Topic	Summary	More information
Who are the Company's Senior Executives?	<ul style="list-style-type: none"> • Phillip Britt, Managing Director Refer to the profile above. • John Reisinger, Executive Director and CTO Refer to the profile above. • Aaron O'Keeffe, General Manager, Sales Aaron worked in the IT industry for 10 years before shifting into telecommunications sales. • Brian Maher, Company Secretary and CFO Brian joined the Company in 2019 as CFO and Company Secretary. He has worked in finance roles since 1990 across a range of industries including audit, industrial services, waste management, financial services and comparison sites. • Janet Granger-Wilcox, General Manager, Corporate Affairs Janet worked as a journalist for 12 years before moving into communication management, holding roles in the agriculture, disability and water sectors. • Kevin Salerno, General Manager, Customer Service Kevin has extensive experience across the construction, mining and agricultural industries in a range of IT administration and management positions. • Leigh Markham, General Manager, Service Delivery Leigh has worked in the IT and telecommunications industry since 2003. • Matthew Kusi-Appauh, General Manager, Marketing & Corporate Strategy Matthew worked in the university sector before joining Aussie Broadband in 2016 to establish its marketing and strategy functions. 	Section 6.2

1 Investment Overview

1.7. Significant interests of key people and related party transactions

Topic	Summary	More information																																																														
Who are the Company's key Shareholders and what will their interests be on Completion of the Offer?	<p>The ownership of Shares immediately prior to Completion of the Offer and following Completion of the Offer is summarised below:</p> <p>Figure 1.5: Share Capital Structure</p> <table><tr><th rowspan="2">Shareholder</th><th colspan="2">Shares held at Prospectus Date</th><th colspan="4">Shares held at Completion</th></tr><tr><th>Number</th><th>%</th><th colspan="2">Minimum Subscription</th><th colspan="2">Maximum Subscription</th></tr><tr><th>Shareholder</th><th>Number</th><th>%</th><th>Number</th><th>%</th><th>Number</th><th>%</th></tr><tr><td>Directors¹</td><td>51,241,960</td><td>49.23%</td><td>51,316,960</td><td>28.43%</td><td>51,316,960</td><td>26.93%</td></tr><tr><td>Senior Management²</td><td>1,632,160</td><td>1.57%</td><td>1,632,160</td><td>0.90%</td><td>1,632,160</td><td>0.86%</td></tr><tr><td>Other Existing Shareholders³</td><td>51,212,646</td><td>49.20%</td><td>97,125,891⁴</td><td>53.80%</td><td>97,125,891⁴</td><td>50.98%</td></tr><tr><td>Eligible Employees</td><td>–</td><td>0.00%</td><td>450,000⁵</td><td>0.25%</td><td>450,000⁵</td><td>0.24%</td></tr><tr><td>New Shareholders</td><td>–</td><td>0.00%</td><td>30,000,000⁶</td><td>16.62%</td><td>40,000,000⁶</td><td>20.99%</td></tr><tr><td>Total⁷</td><td>104,086,766</td><td>100.00%</td><td>180,525,011</td><td>100.00%</td><td>190,525,011</td><td>100.00%</td></tr></table> <p>Notes:</p> <ol style="list-style-type: none">Directors may hold their interests in Shares directly or indirectly through holdings by companies or trusts.Senior Executives may hold their interests in Shares directly or indirectly through holdings of companies or trusts.This includes sophisticated and professional investors who at the Prospectus Date hold Convertible Notes that will convert into Shares immediately prior to Completion.This includes 45,913,245 Shares to be issued to the Noteholders upon the conversion of the Convertible Notes. Please refer to Section 7.3.2 for more information on the estimated Shares to be issued to the Noteholders immediately prior to Completion.This assumes full participation by all 450 Eligible Employees under the Employee Gift Offer. Some Eligible Employees are existing Shareholders.This excludes the 1 Share offered under the Cleansing Offer.This table does not include any Shares that existing Shareholders (or any other person that becomes a Shareholder prior to Completion) may wish to acquire under the Offer or upon the exercise of Options.	Shareholder	Shares held at Prospectus Date		Shares held at Completion				Number	%	Minimum Subscription		Maximum Subscription		Shareholder	Number	%	Number	%	Number	%	Directors ¹	51,241,960	49.23%	51,316,960	28.43%	51,316,960	26.93%	Senior Management ²	1,632,160	1.57%	1,632,160	0.90%	1,632,160	0.86%	Other Existing Shareholders ³	51,212,646	49.20%	97,125,891 ⁴	53.80%	97,125,891 ⁴	50.98%	Eligible Employees	–	0.00%	450,000 ⁵	0.25%	450,000 ⁵	0.24%	New Shareholders	–	0.00%	30,000,000 ⁶	16.62%	40,000,000 ⁶	20.99%	Total⁷	104,086,766	100.00%	180,525,011	100.00%	190,525,011	100.00%	Section 7.3.1
Shareholder	Shares held at Prospectus Date		Shares held at Completion																																																													
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Total⁷	104,086,766	100.00%	180,525,011	100.00%	190,525,011	100.00%																																																										
What are the related party transactions the Company has entered into?	<p>The Company is not a party to any material related party transactions requiring disclosure under this Prospectus. Please refer to Section 6.3 for a summary of the Directors' interests in the Company's securities and other key benefits.</p>	Section 6.3																																																														

1.7. Significant interests of key people and related party transactions (cont.)

Topic	Summary	More information																																																																						
What are the Directors' interests in Shares?	<p>The following table sets out the relevant interests of Directors in Shares and Options, both at the date of this Prospectus and their expected interests at Completion (on the Maximum Subscription and Minimum Subscription respectively).</p> <p>Figure 1.6: Directors' interests in the Company¹</p> <table><tr><th rowspan="2">Director</th><th colspan="2">Relevant interest in Shares on Prospectus Date</th><th colspan="4">Relevant interest in Shares on Completion</th><th rowspan="2">Options held at Completion²</th></tr><tr><th>Number</th><th>%</th><th colspan="2">Minimum Subscription</th><th colspan="2">Maximum Subscription</th></tr><tr><td>Adrian Fitzpatrick</td><td>–</td><td>0.00%</td><td>25,000³</td><td>0.01%</td><td>25,000³</td><td>0.01%</td><td>–</td></tr><tr><td>Phillip Britt</td><td>19,546,809</td><td>18.78%</td><td>19,546,809</td><td>10.83%</td><td>19,546,809</td><td>10.26%</td><td>698,228</td></tr><tr><td>John Reisinger</td><td>19,546,809</td><td>18.78%</td><td>19,546,809</td><td>10.83%</td><td>19,546,809</td><td>10.26%</td><td>189,642</td></tr><tr><td>Patrick Greene</td><td>12,148,342</td><td>11.67%</td><td>12,148,342</td><td>6.73%</td><td>12,148,342</td><td>6.38%</td><td>–</td></tr><tr><td>Richard Dammery</td><td>–</td><td>0.00%</td><td>25,000³</td><td>0.01%</td><td>25,000³</td><td>0.01%</td><td>–</td></tr><tr><td>Vicky Papachristos</td><td>–</td><td>0.00%</td><td>25,000³</td><td>0.01%</td><td>25,000³</td><td>0.01%</td><td>–</td></tr><tr><td>Total⁴</td><td>51,241,960</td><td>49.23%</td><td>51,316,960</td><td>28.43%</td><td>51,316,960</td><td>26.93%</td><td>887,870</td></tr></table> <p>Notes:</p> <ol style="list-style-type: none">Directors may hold their interests in Shares directly or indirectly through holdings by companies or trusts.These represent Options to be granted under the Company's LTI Plan. Please refer to Sections 6.3.4.3 and 11.4 for more information on the proposed grant of Awards under the LTI Plan and a summary of the LTI Plan rules respectively.These represent Shares the Company has resolved to issue to certain Non-Executive Directors, subject to Completion of the Offer, as a special exertion fee for their involvement in the Offer (please refer to Section 6.3.4.1 for more information). These Non-Executive Directors intend to subscribe for a total of 90,000 New Shares under the Priority Offer.This table does not include any Shares that Directors may acquire under the Offer or upon the exercise of Options.	Director	Relevant interest in Shares on Prospectus Date		Relevant interest in Shares on Completion				Options held at Completion ²	Number	%	Minimum Subscription		Maximum Subscription		Adrian Fitzpatrick	–	0.00%	25,000 ³	0.01%	25,000 ³	0.01%	–	Phillip Britt	19,546,809	18.78%	19,546,809	10.83%	19,546,809	10.26%	698,228	John Reisinger	19,546,809	18.78%	19,546,809	10.83%	19,546,809	10.26%	189,642	Patrick Greene	12,148,342	11.67%	12,148,342	6.73%	12,148,342	6.38%	–	Richard Dammery	–	0.00%	25,000 ³	0.01%	25,000 ³	0.01%	–	Vicky Papachristos	–	0.00%	25,000 ³	0.01%	25,000 ³	0.01%	–	Total⁴	51,241,960	49.23%	51,316,960	28.43%	51,316,960	26.93%	887,870	Section 6.3.1
Director	Relevant interest in Shares on Prospectus Date		Relevant interest in Shares on Completion				Options held at Completion ²																																																																	
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Vicky Papachristos	–	0.00%	25,000 ³	0.01%	25,000 ³	0.01%	–																																																																	
Total⁴	51,241,960	49.23%	51,316,960	28.43%	51,316,960	26.93%	887,870																																																																	
What escrow restrictions apply to the key Shareholders' Shares?	On Completion, no escrow restrictions will apply on any of the Shares on issue.	Section 11.5																																																																						

1 Investment Overview

1.7. Significant interests of key people and related party transactions (cont.)

Topic	Summary	More information																																													
What significant benefits and interests are payable to Directors and other persons connected with the Company or the Offer?	<p>On Completion, the Directors and entitles and persons associated with them and other existing Shareholders will hold Shares as set out in Section 6.3.1 and 7.3.1.</p> <p>All Directors are entitled to remuneration, fees and payments as set out in Sections 6.3.2, 6.3.3, and 6.3.4.</p> <p>Advisers and other service providers will receive fees for services on the terms set out in Section 6.4.</p>	Sections 6.3, 6.4 and 7.3																																													
Who are the Company's substantial Shareholders at the Prospectus Date and what interests will they have after the Offer?	<p>Substantial Shareholders of the Company (being those parties with relevant interests in more than 5% of the Company's voting shares) at the Prospectus Date are, and following Completion of the Offer will be, as follows:</p> <p>Figure 1.7: Substantial Shareholders</p> <table><tr><th colspan="3">Minimum Subscription</th><th colspan="2">Maximum Subscription</th></tr><tr><th>Shareholder</th><th>Shares</th><th>Relevant Interest</th><th>Shares</th><th>Relevant Interest</th></tr><tr><td>Digital Interworks Pty Ltd (including Phillip Britt¹)</td><td>19,546,809</td><td>10.83%</td><td>19,546,809</td><td>10.26%</td></tr><tr><td>Intertubes Pty Ltd (including John Reisinger²)</td><td>19,546,809</td><td>10.83%</td><td>19,546,809</td><td>10.26%</td></tr><tr><td>Regal Funds Management Pty Ltd</td><td>16,059,534</td><td>8.90%</td><td>16,059,534</td><td>8.43%</td></tr><tr><td>Ian Watson Holding Company Pty Ltd</td><td>14,572,147</td><td>8.07%</td><td>14,572,147</td><td>7.65%</td></tr><tr><td>Panama Trial Pty Ltd (including Patrick Greene³)</td><td>12,148,342</td><td>6.73%</td><td>12,148,342</td><td>6.38%</td></tr><tr><td>Mawson Investments No.9 Pty Ltd</td><td>10,310,942</td><td>5.71%</td><td>10,310,942</td><td>5.41%</td></tr><tr><td>Total</td><td>92,184,583</td><td>51.06%</td><td>92,184,583</td><td>48.38%</td></tr></table> <p>Notes:</p> <ol style="list-style-type: none">1. Phillip Britt holds more than 20% of the voting power in Digital Interworks Pty Ltd and thus is deemed under Section 608(3) of the Corporations Act to also have the same Relevant Interest in the Company as Digital Interworks Pty Ltd.2. John Reisinger holds more than 20% of the voting power in Intertubes Pty Ltd and thus is deemed under Section 608(3) of the Corporations Act to also have the same Relevant Interest in the Company as Intertubes Pty Ltd.3. Patrick Greene holds more than 20% of the voting power in Panama Trial Pty Ltd and thus is deemed under Section 608(3) of the Corporations Act to also have the same Relevant Interest in the Company as Panama Trial Pty Ltd.	Minimum Subscription			Maximum Subscription		Shareholder	Shares	Relevant Interest	Shares	Relevant Interest	Digital Interworks Pty Ltd (including Phillip Britt ¹)	19,546,809	10.83%	19,546,809	10.26%	Intertubes Pty Ltd (including John Reisinger ²)	19,546,809	10.83%	19,546,809	10.26%	Regal Funds Management Pty Ltd	16,059,534	8.90%	16,059,534	8.43%	Ian Watson Holding Company Pty Ltd	14,572,147	8.07%	14,572,147	7.65%	Panama Trial Pty Ltd (including Patrick Greene ³)	12,148,342	6.73%	12,148,342	6.38%	Mawson Investments No.9 Pty Ltd	10,310,942	5.71%	10,310,942	5.41%	Total	92,184,583	51.06%	92,184,583	48.38%	Section 11.9
Minimum Subscription			Maximum Subscription																																												
Shareholder	Shares	Relevant Interest	Shares	Relevant Interest																																											
Digital Interworks Pty Ltd (including Phillip Britt ¹)	19,546,809	10.83%	19,546,809	10.26%																																											
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Total	92,184,583	51.06%	92,184,583	48.38%																																											

1.8. Overview of the Offer

Topic	Summary	More information
What is the Offer?	<p>The Offer is an initial public offering (IPO) of a minimum of 30.45 million Shares for issue at the Offer Price of \$1.00 per Share to raise minimum proceeds of \$30 million (before expenses) (Minimum Subscription), and up to a maximum of 40.45 million Shares to raise maximum proceeds of \$40 million (before expenses) (Maximum Subscription).</p> <p>The Offer includes the Employee Gift Offer, being an offer of up to \$1,000 worth of Shares to Eligible Employees under the Aussie Broadband Employee Share Plan for no cost. If all Eligible Employees subscribe for their entitlements under the Employee Gift Offer, it is expected that 450,000 Shares will be issued to Eligible Employees.</p> <p>All Shares issued under the Offer will rank equally with each other. A summary of the rights and liabilities attaching to the Shares is set out in Section 7.18.</p> <p>If the Minimum Subscription is achieved, it is expected there will be a total of 180,525,011 Shares on issue at Completion of the Offer, of which the New Shares on the Minimum Subscription will represent approximately 16.87%.</p> <p>If the Maximum Subscription is achieved, it is expected there will be a total of 190,525,011 Shares on issue at Completion of the Offer, of which the New Shares on the Maximum Subscription will represent approximately 21.23%.</p> <p>The total cash expenses of the Offer are currently estimated to be \$3.3 million and \$3.9 million on the Minimum Subscription and the Maximum Subscription are achieved respectively. These amounts will be paid by the Company.</p> <p>The Offer includes the Cleansing Offer. The purpose of the Cleansing Offer is to remove the need for an additional disclosure document to be issued upon the sale of any Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Cleansing Offer Closing Date (eg Shares issued on conversion of the Convertible Notes and the Shares to be issued to certain Non-Executive Directors as a special exertion fee for their involvement in the Offer).</p> <p>You should not complete a Cleansing Offer Application Form unless specifically directed to do so by the Company.</p>	Sections 7.1.1 and 7.1.2
Who is the issuer of this Prospectus?	Aussie Broadband Limited ACN 132 090 192, being a public company limited by shares registered in Victoria, Australia.	Section 11.1

1 Investment Overview

1.8. Overview of the Offer (cont.)

Topic	Summary	More information
Why is the Offer being conducted?	<p>The Offer is being conducted to:</p> <ul style="list-style-type: none"> • provide the Company with access to capital markets to provide additional financial flexibility and enable the Company to pursue further growth opportunities including the development of adjacent verticals and acquisition opportunities; • fund development, construction and deployment of the fibre optic network; • provide the Company with the benefits of an increased public profile that arises from being a listed entity; • broaden the Company's shareholder base and provide a liquid market for Shares; and • pay transaction costs. 	Section 7.1.3
What is the Offer Price?	The Offer Price is \$1.00 per Share.	Section 7.1.1
What is the type of security being offered?	<p>Shares (being fully paid ordinary shares in the Company). A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.18.</p>	Sections 7.1.1 and 7.18
Will the Shares be quoted on the ASX?	<p>Yes. The Company will apply for admission to the Official List of the ASX and quotation of Shares on the ASX under the code "ABB".</p> <p>Completion of the Offer is conditional on the ASX approving this application.</p> <p>If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p>	Sections 7.2 and 7.17.1
Is the Offer subject to any conditions?	<p>Yes, the Minimum Subscription condition under the Offer is \$30 million (before costs of the Offer). If the Minimum Subscription is not achieved, the Company will not proceed with the Offer and will repay all Application Monies received under the Offer without interest.</p>	Section 7.2

1.8. Overview of the Offer (cont.)

Topic	Summary	More information
How is the Offer structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none">• the Institutional Offer, which is an invitation to bid for Shares made to Institutional Investors in Australia and certain other jurisdictions;• the Broker Firm Offer, which is open to Australian resident retail clients of Brokers who have received a firm allocation of Shares from their Broker;• the Priority Offer, which is open to selected investors in Australia nominated by the Company who have received an invitation from the Company to apply for Shares at the Offer Price;• the Customer Offer, which is made to Eligible Customers who have a registered address in Australia;• the Employee Gift Offer, which is open to Eligible Employees that receive an invitation from the Company to acquire, at no cost, the nearest whole number of Shares up to the value of \$1,000 each at the Offer Price; and• the Cleansing Offer, which is an offer of 1 New Share at the Offer Price for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Cleansing Offer Closing Date. <p>No general public offer of Shares will be made under the Offer.</p>	Section 7.1.2
Is the Offer underwritten?	<p>The Offer is partially underwritten by the Lead Manager. The Lead Manager has fully underwritten the Institutional Offer, the Broker Firm Offer and the Priority Offer pursuant to the Underwriting Agreement.</p>	Section 11.6.
Who is the Lead Manager and Underwriter for the Offer?	<p>Shaw and Partners Limited has acted as Lead Manager and Underwriter to the Offer on the terms of the Underwriting Agreement.</p>	Section 6.4

1 Investment Overview

1.8. Overview of the Offer (cont.)

Topic	Summary	More information
What is the allocation policy?	<p>The allocation of Shares between the Institutional Offer, the Broker Firm Offer, the Priority Offer, the Customer Offer and the Employee Gift Offer will be determined by the Company in consultation with the Lead Manager.</p> <p>The Company, in consultation with the Lead Manager has absolute discretion regarding the basis of allocation of Shares amongst Applicants and may, with the approval of the Lead Manager, reject an Application or allocate a lesser number of Shares than applied for. The Company also reserves the right to aggregate any Applications that they believe may be multiple Applications from the same person.</p> <p>No assurance can be given that any Applicant under the Offer will be allocated all or any Shares applied for. The Company will not be liable to any person not allocated Shares or not allocated the full amount applied for.</p>	Sections 7.4.4, 7.5.4, 7.6.4, 7.7.4 and 7.10.2
What is the Offer Period?	<p>The key dates, including details of the Offer Period, are set out in the Key dates section on page 4 of this Prospectus. No Shares will be issued on the basis of this Prospectus later than the Expiry Date.</p> <p>The Offer Period is indicative only and may change. Unless otherwise indicated, all times are stated in Melbourne time (AEST).</p>	Key dates
What is the minimum and maximum application size under the Offer?	<p>Broker Firm Offer</p> <p>The minimum Application under the Broker Firm Offer is as directed by the Applicant's Broker and there is no maximum value of Shares that may be applied for under the Broker Firm Offer. The Company, in conjunction with the Lead Manager, reserves the right to treat any Applications in the Broker Firm Offer that are from persons whom the Company believes may be Institutional Investors as Applications in the Institutional Offer, or to reject the Application(s). The Company, in conjunction with the Lead Manager, also reserves the right to aggregate any Applications that the Company believes may be Applications from the same person.</p> <p>Priority Offer</p> <p>The personalised invitation for Applicants, who have received an invitation for Shares under the Priority Offer, will indicate the minimum and maximum number of Shares, which that Applicant may apply for under the Priority Offer.</p> <p>Customer Offer</p> <p>The minimum Application under the Customer Offer must be for \$2,000 worth of Shares (being 2,000 Shares) while the maximum Application is for \$10,000 worth of Shares (being 10,000 Shares).</p>	Section 7.2

1.8. Overview of the Offer (cont.)

Topic	Summary	More information
What is the minimum and maximum application size under the Offer? continued	<p>Employee Gift Offer</p> <p>Under the Employee Gift Offer, Eligible Employees will be offered the opportunity to apply for a gift of up to \$1,000 worth of Shares (being 1,000 Shares) for no consideration as stated in their Employee Gift Offer invitation received from the Company.</p> <p>Institutional Offer</p> <p>There is no minimum or maximum value of Shares that may be applied for under the Institutional Offer.</p> <p>Cleansing Offer</p> <p>As the Cleansing Offer is an offer of up to 1 Share, the minimum and maximum value of Shares that may be applied for under the Cleansing Offer is \$1.00, being the Offer Price payable for 1 Share.</p>	Section 7.2
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.	Section 7.2
Who bears the costs of the Offer?	The total cash costs of the Offer, including advisory, legal, accounting, tax and duty, listing and administrative fees, the Lead Manager's management and underwriting fees, Prospectus design and printing, advertising, marketing, Share Registry and other expenses, which amount to approximately \$3.3 million and \$3.9 million (on the Minimum Subscription and Maximum Subscription respectively), have been, or will be borne by the Company from the proceeds from the Offer.	Section 11.14
What are the tax implications of investing in the Shares?	<p>The tax consequences for an investor of any investment in Shares will depend upon the investor's particular circumstances. Applicants should obtain their own tax advice before deciding whether to invest.</p> <p>A summary of the general tax implications of participating in the Offer for Australian resident investors is set out in Section 9.</p>	Section 9
How can I apply?	<p>Eligible investors may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus.</p> <p>To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.</p>	Section 7.2

1 Investment Overview

1.8. Overview of the Offer (cont.)

Topic	Summary	More information
When will I receive confirmation that my Application has been successful?	<p>It is expected that initial holding statements will be dispatched by standard post on or about 30 October 2020.</p> <p>Refunds (without interest) to Applicants who make an Application and are scaled back (or otherwise receive Shares having a lesser value than the amount of Applications Monies they have paid) will be made as soon as possible after Completion, which is expected to occur on or about 26 October 2020.</p>	Section 7.2
Can the Offer be withdrawn?	<p>The Company reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants.</p> <p>If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.</p>	Section 7.2
When are the shares expected to commence trading?	<p>It is expected that trading of the Shares on the ASX will commence on or about 27 October 2020, on a normal settlement basis.</p> <p>It is expected that initial holding statements will be dispatched by standard post on or about 30 October 2020.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.</p> <p>The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, even if such person received confirmation of allocation from the Offer Information Line, from a Broker or otherwise.</p>	Section 7.17.3
Has any ASIC relief or ASX waivers been sought, obtained or been relied on?	Yes. Details are provided in Sections 11.12 and 11.13.	Sections 11.12 and 11.13
How can I obtain further information?	<p>If you have any questions about this Prospectus or how to apply for Shares, please call the Offer Information Line on 1800 677 648 (within Australia) or +61 1800 677 648 (outside Australia) from 8:30am to 5:30pm (AEST), Monday to Friday (excluding public holidays).</p> <p>If you are unclear or uncertain as to whether an investment in the Company is a suitable investment for you, you should seek professional guidance from your lawyer, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest in Shares.</p>	Important Notices

2

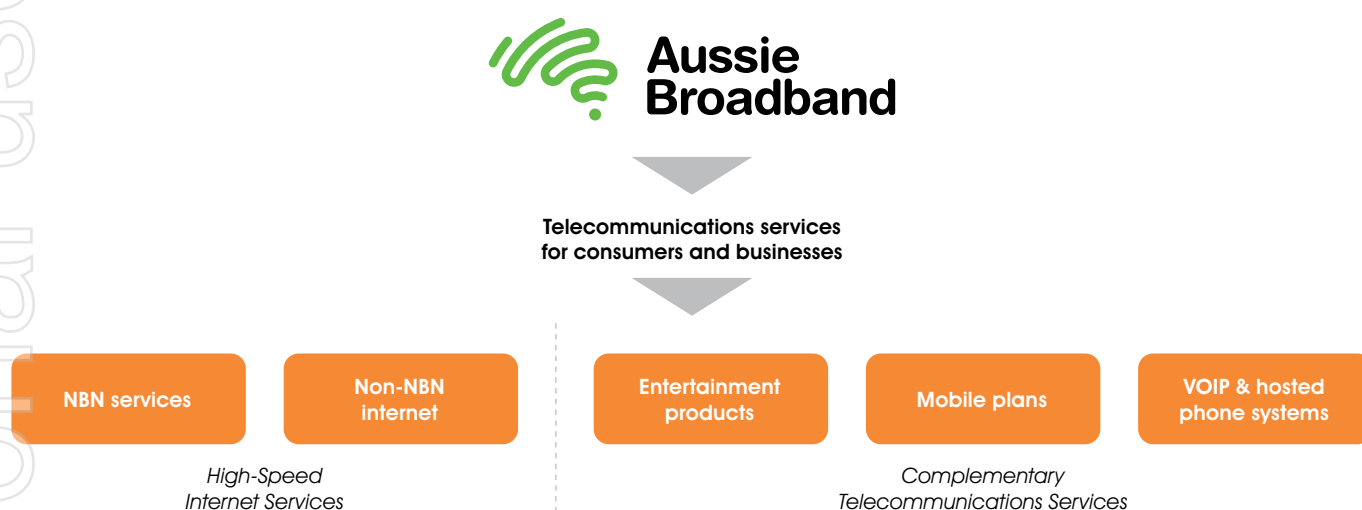
Industry Overview

2 Industry Overview

2.1. Introduction

Aussie Broadband's principal service offering is to deliver high-speed internet services to its customers by providing access to Australia's National Broadband Network (**NBN**). The Company also provides other telecommunication and content services to customers including mobile plans, Voice over Internet Protocol (**VOIP**) solutions, hosted phone systems and entertainment products. The Company provides services to both residential consumers and businesses.

Figure 2.1: Aussie Broadband in the Industry



This Section 2 provides an overview of the Australian telecommunications industry in which the Company operates.

2.2. History and regulatory overview

Australia's telecommunications industry was transformed into an open and competitive marketplace when the *Telecommunications Act 1997* (Cth) (**Telecommunications Act**) was enacted and when Telstra was privatised.

The Australian telecommunications industry is highly regulated. In summary, the regulatory framework comprises:

- The Telecommunications Act, which provides a regulatory framework for Australian telecommunications carriers and service providers. The Telecommunications Act requires owners of a telecommunications network that supplies services to the public to hold a carrier licence;
- The *Competition and Consumer Act 2010* (Cth) (**Competition Act**) which regulates market conduct, consumer protection and access to telecommunications infrastructure;
- The Australian Communications and Media Authority (**ACMA**), the governing body responsible for issuing carrier licences, monitoring and reporting on significant matters and performance of service providers;
- The Australian Competition and Consumer Commission (**ACCC**), responsible for economic regulation and consumer protection under the Competition Act; and
- Australian Consumer Law which requires that products and services supplied to retail consumers be fit for the consumer's purpose.

Further details of the specific regulatory considerations applicable to the Company is provided in Section 3.7 of this Prospectus.

2.3. NBN overview

2.3.1. What is the NBN?

The NBN is Australia's publicly owned wholesale, local access broadband network and aims to provide access to fast, reliable and affordable broadband services. The NBN delivers high-speed broadband across Australia to 11.7 million premises with 7.3 million connected as at June 2020.

NBN Co Limited ACN 136 533 741 (**NBN Co**) was formed in 2009 as a 'Government Business Enterprise' (**GBE**) under the *Public Governance, Performance and Accountability Act 2013* (Cth), to deliver the NBN. As a GBE, NBN Co is subject to various regulations including being required to:

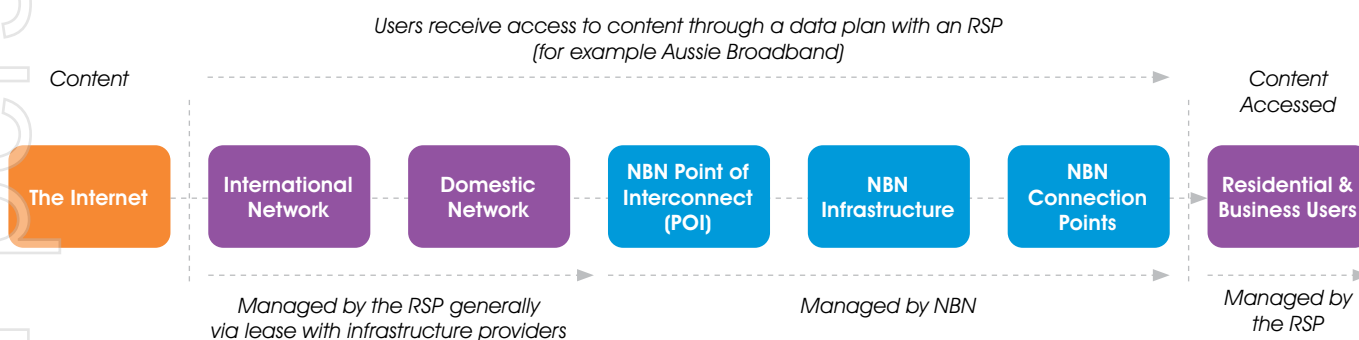
- establish and provide a wholesale open-access network subject to ACCC scrutiny;
- charge NBN access seekers uniform national wholesale pricing; and
- comply with the Australian Government's Statement of Expectations (which provides guidance to NBN Co to help ensure its strategic direction aligns with the Australian Federal Government's objectives for the delivery of the NBN).

A goal of the NBN is to enhance competition in the Australian telecommunications industry and provide greater choice for customers. This is achieved by providing access to Retail Service Providers (**RSPs**) on a non-discriminatory basis who then on-sell data to Australian residential consumers and businesses.

Access to the NBN is primarily provided by large Australian telecommunication carriers that provide connectivity between data centres, the 121 NBN Points of Interconnect (**POIs**), IP transit, and international capacity routes.

NBN utilises a Multi Technology Mix (**MTM**) of fixed line and wireless connections points to connect to residential users.

Figure 2.2: Content journey of the NBN



Source: NBN, Aussie Broadband

2 Industry Overview

2.3.2. NBN access technologies

NBN Co uses a MTM to deliver its services often using existing legacy network infrastructure such as copper lines developed by Telstra, to reduce build cost and shorten the delivery time for completing the NBN rollout.

The NBN uses fixed line technologies to deliver broadband access over a physical line from individual premises to an NBN POI. RSPs (such as Aussie Broadband) access these fixed lines to deliver high-speed internet services and voice services to their customers. The NBN also uses fixed wireless and satellite technologies, which use broadcast technology to deliver internet and voice services in more remote areas where fixed line technology has not been deployed. Speed at individual premises is generally determined by the type of access technology deployed and the plan that the relevant customer has subscribed to.

The table below summarises the technologies used by NBN:

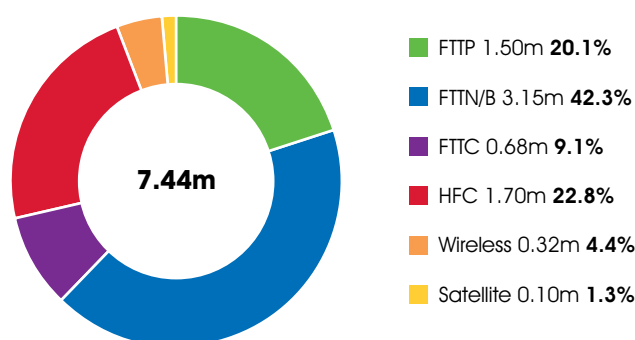
Figure 2.3: NBN technology mix

Fibre to the Premises (FTTP)	FTTP, also known as Fibre to the Home, uses fibre optic cables all the way from the POI to customers' premises.
Fibre to the Node (FTTN), Basement, or Building (FTTB)	FTTN involves a fibre optic cable from a POI to a local node, which usually services up to 384 homes. Existing copper lines are then used for the connection from the node to a home or business premises. FTTB is used to connect existing offices or multi-unit dwellings to the NBN and requires a fibre connection to a central location in the building. It then uses existing copper lines in the building for connections to each apartment/unit within the building.
Fibre to the Curb (FTTC)	FTTC is a newer NBN technology involving a fibre cable being run to a street pit at the closest possible point to the property, and then relies on copper wiring to extend the connection from the street pit to the relevant dwelling.
Hybrid Fibre-Coaxial (HFC)	HFC connection uses existing 'pay TV' or cable networks to make the final part of the connection to a premises from the nearest available fibre node, rather than copper wiring.
Fixed Wireless	Fixed wireless connections are used to connect regional areas to the NBN, where fixed line fibre infrastructure would be costly. This strategy involves fibre connecting to a transmission tower (or a series of linked transmission towers), which then provides a broadcast broadband connection to the premises via an antenna.
Satellite	Satellite Connections are used to provide NBN connections to regional and remote areas of Australia that cannot be serviced by a fixed wireless technology by a wireless tower. This connection uses a broadcasted signal to a satellite, which is then relayed to the end customers via a satellite dish on the premises.

As at the Prospectus Date, Aussie Broadband provides broadband services to its customers utilising all available technologies other than satellite.

The chart below outlines the composition of connections to the NBN by the various available technologies, which are broken down by the number of connections utilising each technology and percentage of total connections it comprises.

Figure 2.4: NBN technology mix (number of connections and percentage share) (Jun-2020)



Source: ACCC NBN Wholesale Market Indicators Report (June 2020)

2.3.3. Other network infrastructure operators

In Australia, other than NBN Co, there are several infrastructure operators who own and operate open-access fibre-based networks in accordance with the wholesale only obligations in Part 8 of the Telecommunications Act.

The following two fundamental tenets of Part 8 of the Telecommunications Act ensures that RSPs may acquire wholesale services on fixed line networks in order to sell retail services without having to build a direct physical connection:

- Unless subject to one of the limited exemptions, all controllers of superfast networks built, extended, altered or upgraded since 1 January 2011 are prohibited from selling retail services to residential customers on their own networks unless the ACCC has accepted the carrier's functional separation undertaking.
- Functional separation undertakings require the network controller to sell wholesale services to non-associated RSPs on a non-discriminatory basis and on the same terms as it provides the service to its own retail arm, meaning that associated and non-associated RSPs have a fair basis to compete in markets for the supply of retail NBN services.

The wholesale only obligations have recently been amended to allow small networks operators connected to 2,000 or fewer premises to sell retail NBN services to residential customers on their own fixed line networks and to allow operators of larger NBN networks to sell retail services to residential customers on their network subject to the ACCC's acceptance of a functional separation undertaking that mandates internal and external business operations of a carrier's functionally separated retail and wholesale divisions.

2 Industry Overview

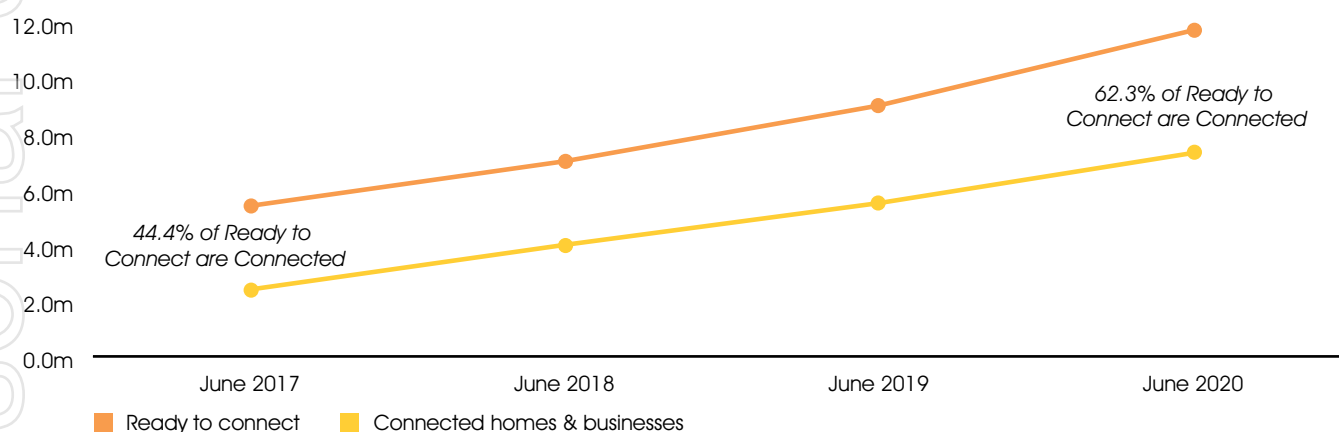
2.3.4. Current status of the NBN

NBN Co's corporate plan for 2020-2023 stated that the NBN rollout was to be completed by June 2020 with a target of 11.5 million homes and businesses to be Ready-to-Connect (RTC).

As at June 2020 the NBN had been rolled out 11.7 million RTC premises with the NBN rollout expecting to continue, albeit at a significantly reduced pace from June 2020, with a target of reaching 12 million RTC homes and businesses by June 2023.

Notwithstanding the number of premises which are RTC, the actual number of homes and businesses that are connected to the NBN was approximately 7.3 million in June 2020, compared to 5.5 million in June 2019. The graph below illustrates the growth in the number of RTC premises as well as in the number of premises actually connected to the NBN over the period from June 2017 to June 2020.

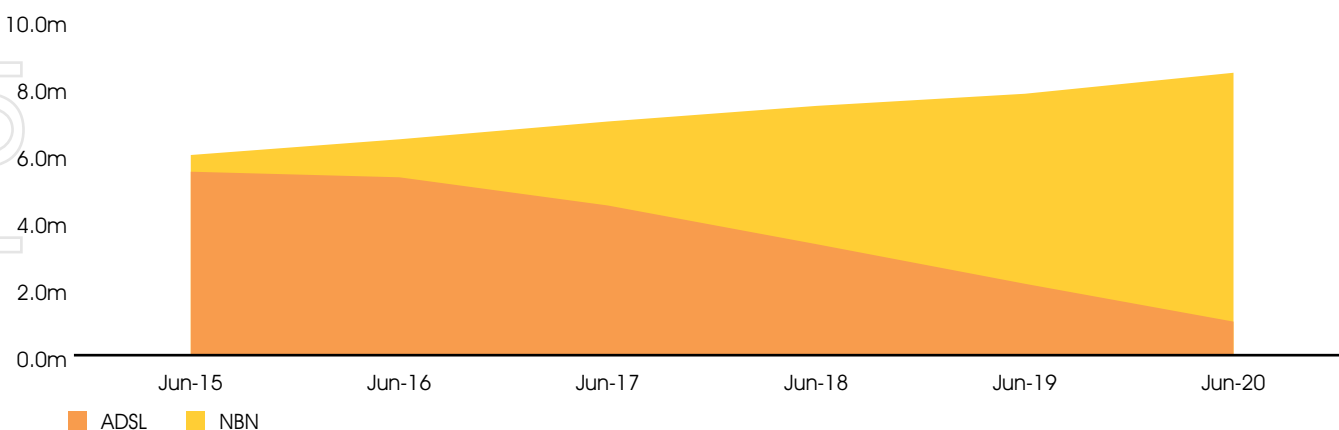
Figure 2.5: NBN Ready-to-Connect and connected homes and businesses



Source: NBN Monthly Progress Reports

The NBN has broadly displaced legacy technologies, providing 88% of Australia's broadband connectivity.

Figure 2.6: Transition from ADSL to NBN



Source ACCC Market Indicators Report, June 2020

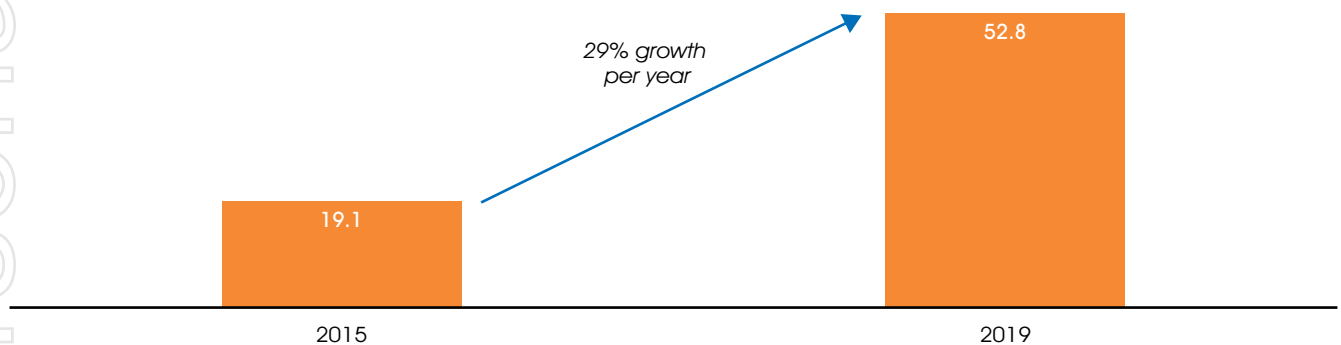
2.4. National broadband market

Since the deregulation of the Australian telecommunications market in 1997, the industry has benefited from significant growth driven by the invention and adoption of multiple software, applications, device and hardware technologies. Internet Service Providers (**ISPs**), which constitute a subset of the larger telecommunications industry in Australia, are forecast to generate \$5.5 billion in revenue in 2020. RSPs are ISPs that utilise the NBN for internet access.

2.4.1. Data consumption growth

To date, the primary driver of growth and development in the Australian telecommunications industry has been, and is expected to continue to be, the increasing demand for data consumption. Today, approximately 53,000 terabytes (1 terabyte = 1,000 gigabytes) of broadband data is downloaded daily, growing by 29% per year since 2015. This usage and data consumption is forecast to continue to grow by 20-30% annually through to 2025.

Figure 2.7: Growth in data consumption (TB per day)

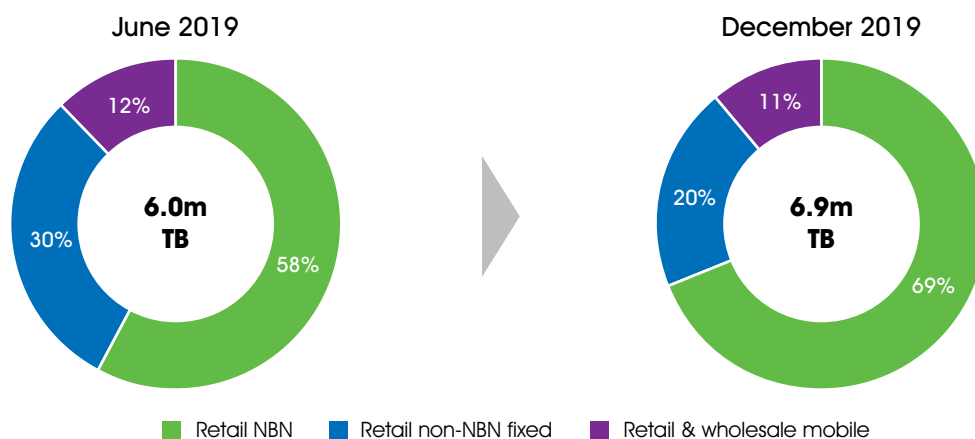


Source: ACCC Internet Activity Report December 2019 (April 2020) & ABS – Internet Activity, Australia (2015 – 2018)

The ACCC's Internet Activity Report published in April 2020 states that the total volume of data downloaded was 6.9 million terabytes in the December 2019 quarter, increasing from 6 million terabytes in the June 2019 quarter. The charts below highlight that NBN services comprised 69% of the total volume of data downloaded in the December 2019 quarter, increasing from 58% in the June 2019 quarter.

2 Industry Overview

Figure 2.8: Proportion of total volume of data downloaded



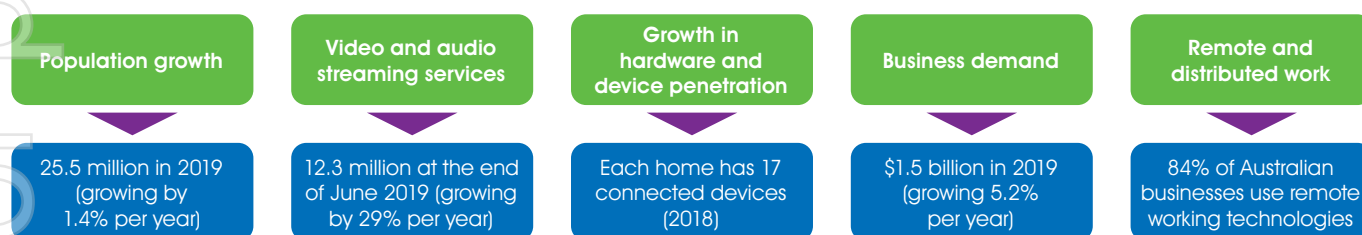
Source: ACCC – Internet Activity Report (April 2020)

2.4.2. Market growth drivers

While the growth in data consumption directly impacts the Australian telecommunications industry, the market is also influenced by a range of secondary factors which drive data consumption demand and usage, which include:

- population growth;
- video and audio streaming service demand;
- growth in hardware and device penetration;
- business demand; and
- remote and distributed work.

Figure 2.9: Market growth drivers



2.4.2.1. Population growth

According to the Australian Bureau of Statistics (ABS), Australia's population was 25.5 million as at 31 December 2019, representing an annual growth rate of 1.4%. The ABS anticipates Australia's population will reach 30 million between 2029 and 2033. This population growth has driven demand for dwellings, with an estimated 171,000 dwelling units approved in Australia in FY20.

However, the COVID-19 pandemic and resulting restrictions imposed by governments in an attempt to reduce the spread of the virus may affect growth in the Australian population in the short term, and ultimately the growth in demand and usage of broadband services. Please refer to Section 5.1.5 for more information.

2.4.2.2. Video and audio streaming services

The growth of online video and audio streaming services such as Netflix, Stan and Fetch TV has also contributed to the increasing consumer demand for broadband data and improved download speeds. Telsyte's Australian Entertainment Subscription Study estimates that more than half of Australian households subscribe to a Subscription Video on Demand (SVOD) service, with total subscriptions reaching 12.3 million at the end of June 2019 compared to 9.5 million in June 2018 representing a year-on-year increase of 29%.

Netflix is the most popular service with an estimated 4.9 million Australians subscribing to the streaming service. Along with smart TVs which allow direct access to streaming services, digital TV boxes such as Google Chromecast and Apple TV are also gaining popularity in Australia.

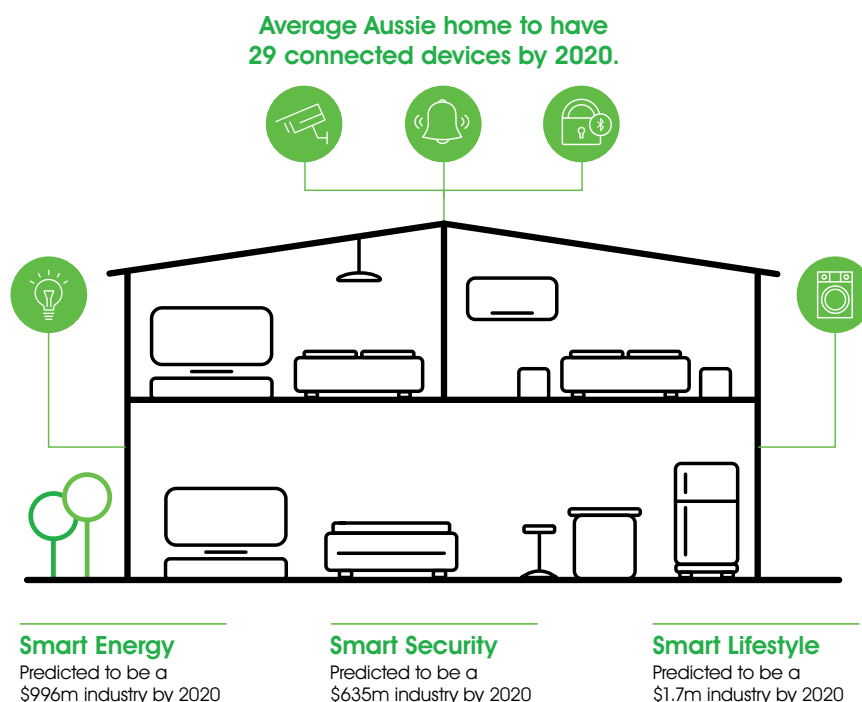
Internet Protocol Television (IPTV) services such as Fetch TV also continue to gain market share in the total pay TV market, as they provide the benefits of both digital TV services and premium channel-based subscriptions. As at 30 June 2019, there were an estimated 3 million pay TV subscriptions, for which Fetch TV, whose subscription growth has outpaced some other pay TV services in recent years; accounted for an estimated 0.7 million subscribers.

2.4.2.3. Growth in hardware and device penetration

Australian households continue to acquire devices including computers, laptops, tablets, smart televisions, smart speakers, home control hubs, smart energy, smart security and smart appliances (fridges, washing machines and air conditioners), all of which have functionality which requires an internet connection and thereby contribute to increasing demand for data usage. Telsyte estimates the average Australian household had 17 internet connected devices in 2018. This number is expected to increase to 29 in 2020 and to 37 by 2023.

2 Industry Overview

Figure 2.10: Connected devices in the home



Source: NBN, Aussie Broadband

2.4.2.4. Business and enterprise connections

Businesses use new technologies to improve processes, systems and efficiencies. Data, cloud computing, remote access, video conferencing and other applications continue to drive demand for business broadband services. Revenue generated by the data processing and web hosting services industry, which can indicate the level of enterprise demand for data, reached \$1.5 billion in 2019 on an annual growth rate of 5.2% since 2014 and is forecast to reach \$1.9 billion by 2024.

2.4.2.5. Remote and distributed work

NBN Co estimates that over 84% of Australian businesses use technologies that allow people to work remotely. Movement restrictions and mandated remote working imposed as a result of the COVID-19 pandemic is anticipated to further drive data demand and usage. Peak data demand levels were observed to be 24% higher as at the week ending 5 June 2020 compared to the last week of February 2020 (a benchmark pre-COVID-19 baseline).

2.4.2.6. COVID-19 impact

During the second half of financial year 2020, the emergence of the COVID-19 pandemic within Australia significantly impacted on society and the community. These impacts produced a dramatic change in the way in which businesses and homes consumed data and increased their reliance on telecommunications delivery.

The industry has experienced an acceleration of new NBN connections to premises, greater demand for higher speed plans and an increase in data consumption and patterns. While many of these impacts are favourable to RSPs, increases in data consumption has exposed some RSPs to excess usage charges, called overage. In response to this, NBN Co moved to cap overage for the period from March 2020 to November 2020, which has limited the financial impact of the increased data usage on RSPs.

There is otherwise insufficient data to provide a definitive analysis on how the demand and use of NBN services as result of the COVID-19 pandemic will continue to affect the telecommunications industry into the future.

2.5. NBN competitive landscape

2.5.1. Overview

RSPs are broadly split into direct access seekers and indirect access seekers.

- Direct access seekers typically control their own network contention and congestion by owning backhaul and/or operating leased backhaul. They are a customer of NBN Co and lodge all of their orders and support requests directly. They also have direct access to an account manager and the broader NBN management team.
- Indirect access seekers are resellers who buy access to NBN services through direct access seekers. They rely on the ability of their direct access seeker to effectively manage bandwidth, service orders and support. They generally do not have any direct access to the NBN and must lodge all connection orders and service requests via their direct access seeker.

As at June 2020, there were 189 service providers made up of 18 direct access seekers, of which Aussie Broadband is one, and 171 indirect access seekers.

2.5.2. NBN service providers

The market for NBN service providers is highly fragmented and competitive, yet approximately 92% of the market is concentrated to four main companies. The table below illustrates the market share of the top six NBN service providers by number of NBN services in operation over the last four years.

Figure 2.11: NBN wholesale market share

	Jun-17	Jun-18	Jun-19	Jun-20
Telstra	50.09%	49.63%	48.60%	46.36%
TPG	23.39%	21.89%	21.91%	22.28%
Optus	12.82%	13.60%	14.42%	15.38%
Vocus	7.99%	8.74%	8.01%	7.19%
Aussie Broadband	1.09%	1.54%	2.48%	3.51%
Vodafone Hutchison	–	–	1.25%	2.01%
Others	4.62%	4.60%	3.33%	3.27%

Source: ACCC Market Indicators Report, June 2017, June 2018, June 2019, June 2020

2 Industry Overview

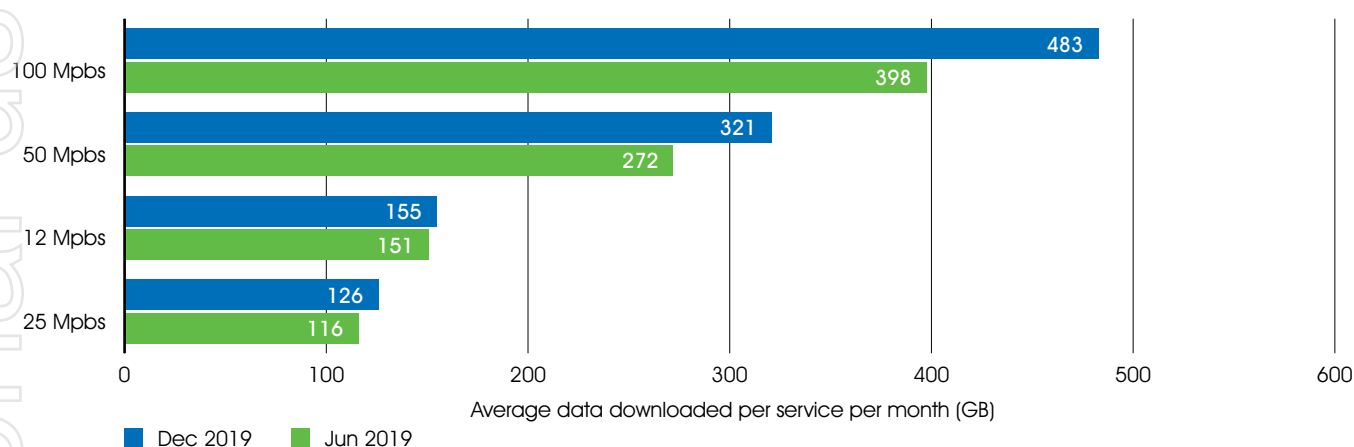
2.5.3. Factors affecting competition between NBN service providers

The key factors affecting competition amongst NBN services providers is explained in this Section 2.5.3.

2.5.3.1. Network quality – speed and reliability

Customers who demand high speed broadband typically consume more data. The chart below illustrates how data consumption rises in relation to the speed of internet service selected on a broadband plan.

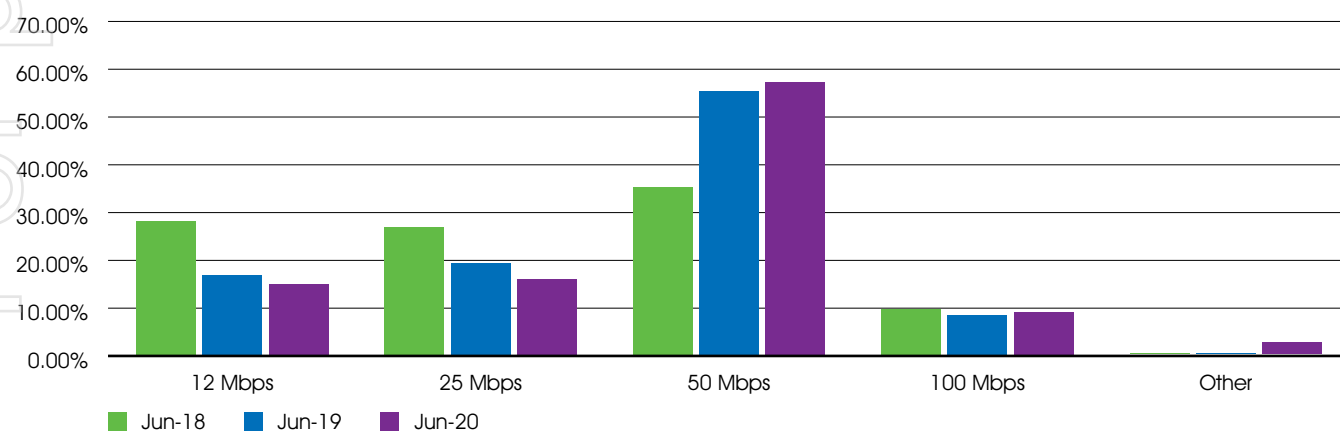
Figure 2.12: Data consumption by NBN speed tier



Source: ACCC – Internet Activity Report (December 2019)

While tiered speed packages for NBN services start at 12Mbps, demand for premium packages has grown significantly in recent years with approximately 5.1 million NBN services delivered at speeds of 50Mbps or higher. NBN has also recently introduced wholesale bundles for ultra-high speed tiers of 250Mbps and 1Gbps.

Figure 2.13: Annual NBN plan composition



Source: ACCC Market Indicators Report June 2018, June 2019, June 2020

As previously stated, network speed and reliability is also affected by the technology connecting the user to the NBN (eg FTTP, FTTN, Satellite etc).

Another factor affecting network quality and customer experience is the amount of CVC (bandwidth) that an RSP allows across its network operations. The NBN wholesale charge is broken into two components;

- an AVC component, which is the port at a customer's premises at a particular peak transmission speed; and
- a CVC component, which is the aggregate bandwidth in an area serving those AVC ports.

NBN Co wholesales its different speed tiers with different bundled amounts of CVC included, however the amount of CVC that NBN Co presently includes in bundles offered to RSPs is lower than the average bandwidth being consumed by some Australian internet users. As a result internet service providers must either throttle their services or pay overage if consumer usage exceeds the relevant CVC included.

2.5.3.2. Plans and pricing

NBN Co offers a limited number of wholesale products (speed tiers) which RSPs are able to package into a number of different products. Many RSPs offer a range of data inclusions for each tier, such as 100GB, 500GB, or unlimited data, which allows providers to offer different price points in the market and attract different types of users, but can expose them to potential overage charges. Despite this, prices for equivalent combinations of speed and data are relatively homogenous in the market.

Overall prices for telecommunications services, including broadband, have declined in Australia relative to CPI over the past 20 years. As a result, consumers have benefitted from continued increases in the value-for-money of broadband products over this period. NBN Co recently announced the launch of new higher speed tiers at a significant discount to previous tiers with an equivalent download speed, indicating that this trend is likely to continue.

2.5.3.3. Customer service

Customer service provides another point of difference between RSPs. Customers generally do not contact NBN Co directly with the RSP being responsible for contact and problem resolution.

Customer service channels used across the industry include calls centres (overseas and/or Australian-based), social media, self-service apps, websites, online chat, email and retail shopfronts. RSPs differentiate service not only via customer service channel selection, but on the quality of customer service and ability to provide problem resolution.

2.5.3.4. Multi-product bundles

Many RSPs bundle internet with other products that provide additional value to customers. Products commonly bundled with broadband access include:

- **Home phone:** RSPs can offer customers a VOIP service when they purchase a broadband product, giving households or businesses the ability to make and receive phone calls using their internet service. Typically, a basic phone plan is included for free with the internet service, with various calling packs available for an additional cost.
- **Mobile phone:** RSPs can offer mobile phone plans to customers, which can be handset plans (providing calls, SMS messages and data) or data-only plans. These may be offered in a package with a mobile device, usually with monthly repayments, or on a SIM-only basis where the customer supplies their own mobile device.
- **Entertainment:** RSPs can offer their customers entertainment packages. These packages may be delivered by the RSP itself (eg Optus Sport) or in partnership with an external company (eg Fetch TV).
- **Utilities:** Some RSPs can offer customers the ability to bundle other utility products, in particular electricity and gas, with their internet service.

2 Industry Overview

2.6. Competing broadband services and other technologies

Certain other licensed carriers and wholesale network infrastructure operators provide competitive broadband solutions that includes the design, build, operation and maintenance of their own fixed line and fixed wireless technologies.

2.6.1. Mobile services market

The Australian mobile services industry is a mature market. While recent growth in the sector continues to be modest, there is a possibility that revenues will decline due to weaker economic conditions associated with the impact of the COVID-19 pandemic and lower ARPU (average revenues per user).

As at December 2019 the Australian mobile market comprised of 36.3 million services, representing an increase from 34.8 million services in 2018 and generated revenue of \$13.3b in the 12 months ending December 2019.

The Australian mobile services industry is dominated by three major players, namely Telstra, Optus and Vodafone. As at June 2019, Telstra accounted for 19.5 million mobile services (representing a market share of 54.6%), while Optus accounted for 10.29 million services (28.7% market share) and Vodafone accounted for 5.99 million services (16.7% market share).

Fifth-generation mobile telecommunications (**5G**), which is in the early stages of deployment and consumer adoption, may prove to be a credible alternative to some of the solutions provided by fibre networks. Although 5G technology is designed to provide faster internet connection speeds than 3G and 4G, the technology relies on much shorter ranges, meaning that deployment of the 5G network requires significant investment to construct sufficient towers and small cells for adequate coverage.

2.6.2. Voice over Internet Protocol (VOIP)

VOIP providers provide telephony services delivered through internet connection rather than cellular connection or legacy fixed line services. Business applications for VOIP services such as Microsoft Teams continue to replace incumbent fixed line telephone technology.

VOIP-based phone systems are now commonplace in businesses and have largely replaced ISDN based systems as the NBN has rolled out. VOIP to ISDN adaptors are also available for businesses to connect legacy phone and PBX systems to VOIP networks, enabling businesses to take advantage of VOIP technology.

2.6.3. Greenfields providers

A number of open access FTTP wholesale network infrastructure operators service the new residential housing, apartment and commercial building markets in Australia in competition with the NBN.

FTTP providers such as OptiComm operate their own infrastructure for the final section (or 'last mile') of the network, connecting homes, apartments and commercial premises to a central exchange point with broadband services delivered to end users via third party RSPs.

2.6.4. Business telecommunications services

Australian business customers can choose from a range of retailers offering both NBN and bespoke telecommunications services (including connections, private networks, phone systems, firewalls and more).

The increasing demand of small business and enterprise clients for end-to-end ICT services presents a growth opportunity, particularly around the rising demand for IT services as businesses go digital.

3

Company Overview

3 Company Overview

3.1. Overview

Aussie Broadband is an Australian owned and operated telecommunications company and is Australia's fifth largest NBN services provider with approximately 243,000 Residential connections as at 30 June 2020.

The Company also sells mobile phone plans, Fetch TV subscriptions and other telecommunication products and services, and competes against other telecommunication carriers within the Residential and Business segments.

Though Aussie Broadband is an RSP, it considers its innovation and customer service to be key differentiators, and its people to be its greatest asset. Aussie Broadband is focused on retaining and strengthening a family-feel culture, driven by the Company's core values summarised in Section 3.5.1.

3.2. Corporate History

Aussie Broadband was founded in 2008 after the strategic merger of two smaller regional internet providers, Wideband Networks in the Latrobe Valley, and Westvic Broadband in Warrnambool, Victoria. The Company maintains its head office in Morwell in the Latrobe Valley.

Both Wideband Networks and Westvic Broadband began operations in 2003, and after working together on projects decided to merge under the name "Aussie Broadband". Most of the founders of the predecessor businesses continue to have an interest in the Company as significant shareholders, Board members and/or executives.

In 2016, the Company turned its focus to the rollout of the NBN. At this time Aussie Broadband commissioned a national backbone from third party providers that was rolled out over a period of 12 months. The Company elected to adopt an infrastructure leasing model rather than reselling a larger carrier's retail product. The Company considers control of its own network and control over the customer experience to be critical to its success.

In 2018, Aussie Broadband partnered with Symbio and Fetch TV to add mobile and entertainment products respectively to its product offering. In 2020, the Company launched its Carbon Portal for larger business customers and Managed Service Providers.

The table below summarises the Company's notable historical milestones.

Figure 3.1: Notable Aussie Broadband milestones

2003	<ul style="list-style-type: none"> • Phillip Britt and John Reisinger founded Wideband Networks in the Latrobe Valley, Victoria, with a view to provide high quality wireless internet to rural and regional areas often neglected by other providers. • Westvic Broadband was founded in Warrnambool, Victoria by Ian Watson, Patrick Greene, David Swan and others. Westvic Broadband focussed on providing wireless services to western Victoria.
2006	<ul style="list-style-type: none"> • Westvic Broadband and Wideband Networks started selling satellite as well as wireless services. Westvic Broadband branded their satellite services 'Aussie Broadband'. • Rolled out Digital Subscriber Line Access Multiplexer (DSLAM) services to provide customers with Asymmetric Digital Subscriber Line (ADSL) and Naked DSL services.
2008	<ul style="list-style-type: none"> • Wideband Networks merged with Westvic Broadband to form Aussie Broadband Pty Ltd, to focus on providing high quality internet services to rural and regional areas.
2010	<ul style="list-style-type: none"> • Sold its satellite customer base to Skymesh.
2013	<ul style="list-style-type: none"> • Established its first direct connections to NBN POIs in regional Victoria and subsequently connected its first customers to the NBN.
2015	<ul style="list-style-type: none"> • Began selling the NBN product nationally through a wholesale agreement with a major Australian telecommunications carrier in areas where the Company did not have a direct connection to an NBN POI.
2016	<ul style="list-style-type: none"> • Commissioned its own national backhaul to all 121 NBN POIs across Australia and became the only telecommunications company other than the four largest Australian carriers at the time to do so.
2018	<ul style="list-style-type: none"> • Became the first national internet service provider to publish daily bandwidth graphs. • Launched custom built plans and partnerships with Fetch TV for entertainment services and Symbio for mobile SIMs using the Telstra wholesale network.
2019	<ul style="list-style-type: none"> • Passed the 100,000th customer milestone. • Launched its MyAussie App and portal for customer service. • Expanded to a second major operating location in Lynbrook in Melbourne's south east. • Managing Director, Phillip Britt, was inducted into the telecommunications industry's Edison Awards Hall of Fame.
2020	<ul style="list-style-type: none"> • Recorded over 250,000 customers as at June 2020. • Began the rollout of a Company-owned fibre infrastructure project. • Launched its Carbon Portal for large business and managed service providers.

3 Company Overview

3.3. Aussie Broadband's strategy

Aussie Broadband's main strategic imperative is to be a disruptor in the telecommunications industry and to deliver business growth for its Shareholders. The Company's strategy focuses on the following key pillars:

- strongly grow its market share by leveraging the Company's evident customer loyalty to deliver new products and by investing in customer acquisition;
- to challenge larger telecommunication companies by delivering an exceptional customer experience and innovative products. Aussie Broadband is wholly committed to maintaining and improving its industry-leading customer experience through systems, processes and customer communications;
- invest in the Company's own network infrastructure to enhance the customer experience while improving financial margins; and
- maintain a thriving workplace culture.

3.4. Aussie Broadband's business model

3.4.1. What services does Aussie Broadband provide?

3.4.1.1. NBN Services

Aussie Broadband provides NBN subscription plans and bundles to residential homes, small businesses, not-for-profits, corporate and enterprise customers and managed service providers. The Company services all states and territories in Australia, and accesses the NBN using all of the connection technologies other than satellite.

Figure 3.2: Aussie Broadband's products and services

Residential nbn™ Plans				Entertainment	
Data Allowance (GB)				Fetch Mini	
	100	500	Unlimited	Fetch Mighty	
12/1	✓		✓		
25/10	✓	✓	✓		
50/20	✓	✓	✓		
75/20	✓	✓	✓		
100/20	✓	✓	✓		
100/40	✓	✓	✓		
250/25			✓		
250/100			✓		
1000/50			✓		
				Home Phone	
				Pay-as-you-Go Calls	
				Local, National & Mobile Calls	
				International Call Pack	
				Hardware	
				Netcomm Mesh	
				Netcomm 4G Failover	
				Google Nest	
				VOIP Adapter	

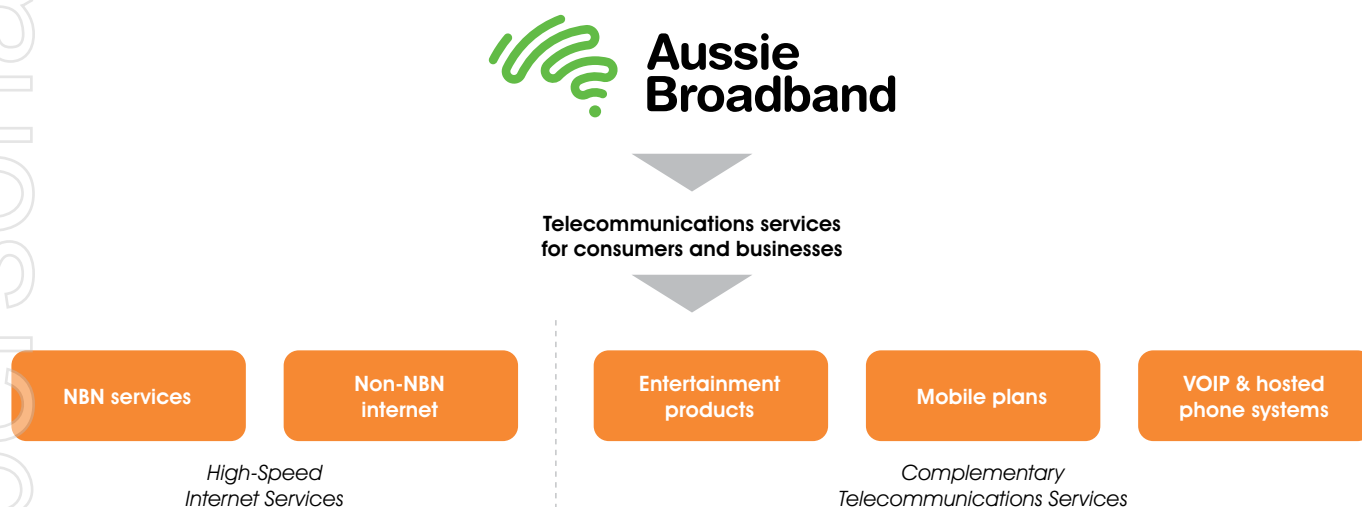
3.4.1.2. Other telecommunications services

Besides NBN services, Aussie Broadband offers a range of other telecommunications services including VOIP, mobile plans and devices and entertainment bundles through its partnership with Fetch TV. For a summary of the Fetch TV Agreement, under which the Company is authorised to resell Fetch TV subscriptions to its customers, refer to Section 10.5.

On 3 August 2020, the Company launched wholesale supply agreements with OptiComm, a fibre infrastructure provider within greenfield developments, which provides competing technology solutions to the NBN. Under this partnership, the Company sells a set of consumer plans similar to its NBN plans to customers in the estates and developments serviced by OptiComm. For a summary of the OptiComm Agreement, under which this partnership is established, refer to Section 10.10.

In addition, the Company offers businesses a range of services and solutions including multi-handset phone systems, voice connectivity, security, redundancy and private networks. The Company also provides tailored support packages which include 24x7 enterprise support, uptime guarantees and NBN enhanced service level guarantees.

Figure 3.3: Aussie Broadband product verticals



3.4.2. How does Aussie Broadband generate income?

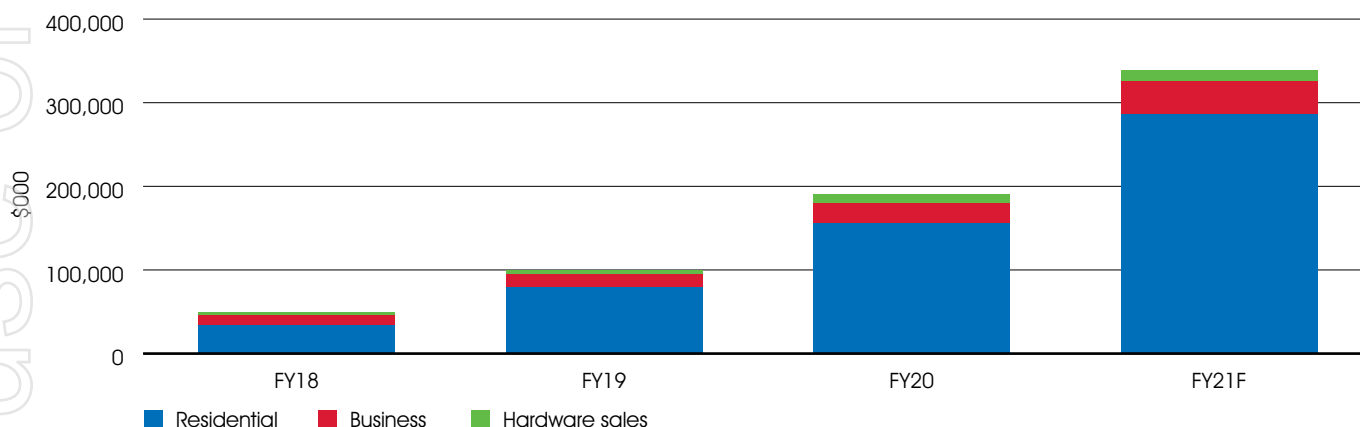
Aussie Broadband generates revenue through monthly subscription payments by Residential and Business customers for its products and services, as well as longer-term contracts with larger business customers.

The Company adds customers through a variety of sales channels, which include Australian-based call centres, the Company's website, tender submissions and business development managers.

The Company generates sales by selling services to its Residential or Business customers and by selling hardware to those customers which enables the provision of the services.

3 Company Overview

Figure 3.4: Revenue by channel and type – FY18 to FY21F



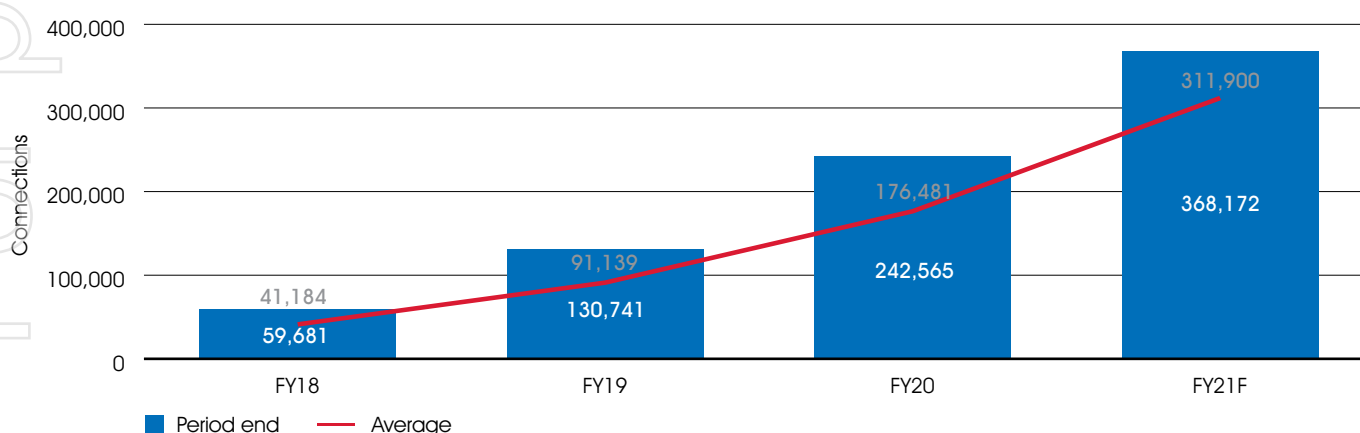
Note: The revenue by channel and type for FY21F referred to in Figure 3.4 represent forecasts by the Company, which are subject to certain assumptions made by the Company as well as various risks. Please refer to Section 4.6 for the assumptions made in preparing the forecasts and Section 5 for key risks.

3.4.2.1. Residential

The Company's Residential customers generally pay a monthly subscription fee for the Company's services pursuant to a month-to-month agreement. Aussie Broadband's business model seeks to provide quality customer service and connectivity in order to generate customer loyalty.

As at June 2020, the Company had approximately 243,000 Residential connections. During FY20, Aussie Broadband added approximately 150,000 new connections. Over this period Residential customer churn, which reflects the ratio of connections lost in any month, averaged 1.76%, resulting in an 86% increase in net Residential connections in FY20 when compared to FY19.

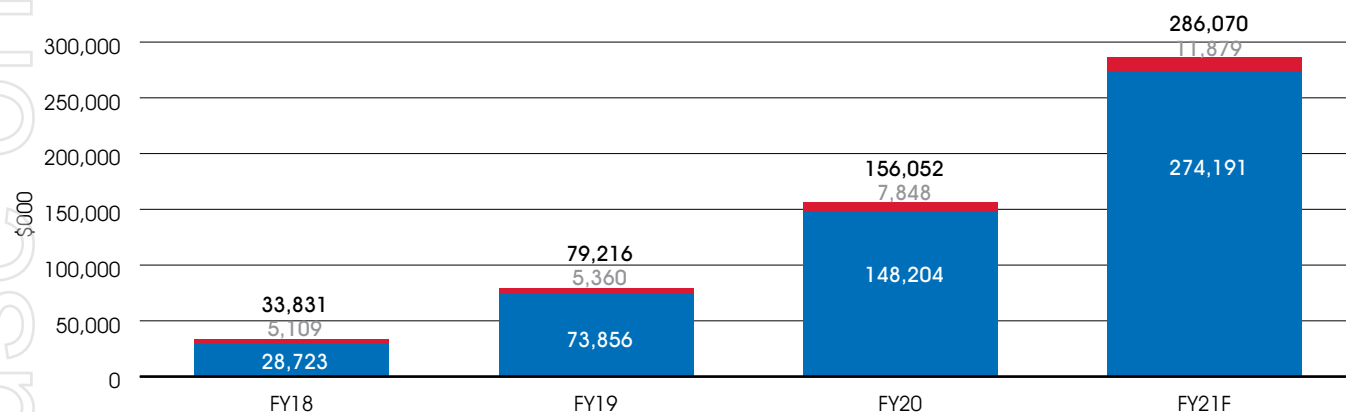
Figure 3.5: Residential period end and average NBN connections – FY18 to FY21F



Note: The Residential connections for FY21F referred to in Figure 3.5 represent forecasts by the Company, which are subject to certain assumptions made by the Company as well as various risks. Please refer to Section 4.6 for the assumptions made in preparing the forecasts and Section 5 for key risks.

The Company generated revenue of \$156.05 million from its Residential segment in FY20 and \$79.22 million in FY19, representing an increase of approximately 97% over the period.

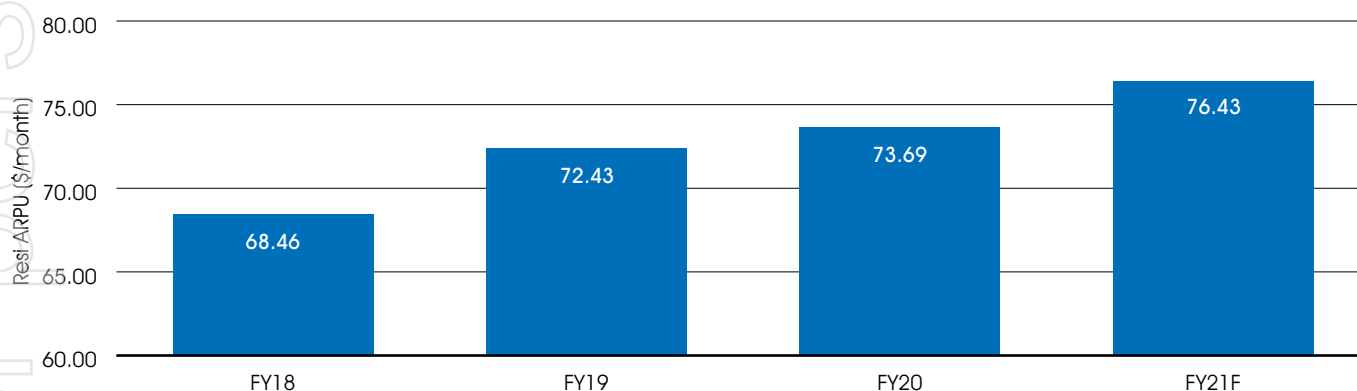
Figure 3.6: Residential revenue split by NBN vs other services – FY18 to FY21F



Note: The Residential revenue for FY21F referred to in Figure 3.6 represent forecasts by the Company, which are subject to certain assumptions made by the Company as well as various risks. Please refer to Section 4.6 for the assumptions made in preparing the forecasts and Section 5 for key risks.

The Company's average revenue per user (**ARPU**) relating to Residential customers has grown steadily between FY18 and FY20 with an average for FY20 of \$73.69. This growth was driven by an increase in the proportion of existing and new customers preferring higher speed plans, an increase in plan pricing and the addition of other content services such as Fetch TV.

Figure 3.7: Residential ARPU – FY18 to FY21F



Note: ARPU relates to Residential revenue (excluding hardware sales) divided by Residential connections (average over the financial year) and excludes GST. Residential ARPU for FY21F referred to in Figure 3.7 represent forecasts by the Company, which are subject to certain assumptions made by the Company as well as various risks. Please refer to Section 4.6 for the assumptions made in preparing the forecasts and Section 5 for key risks.

3.4.2.2. Business

Business customers generally have more complex needs, and as such subscriptions for the Company's products and services entered into with business customers range from month-to-month arrangements through to specific longer-term contracts.

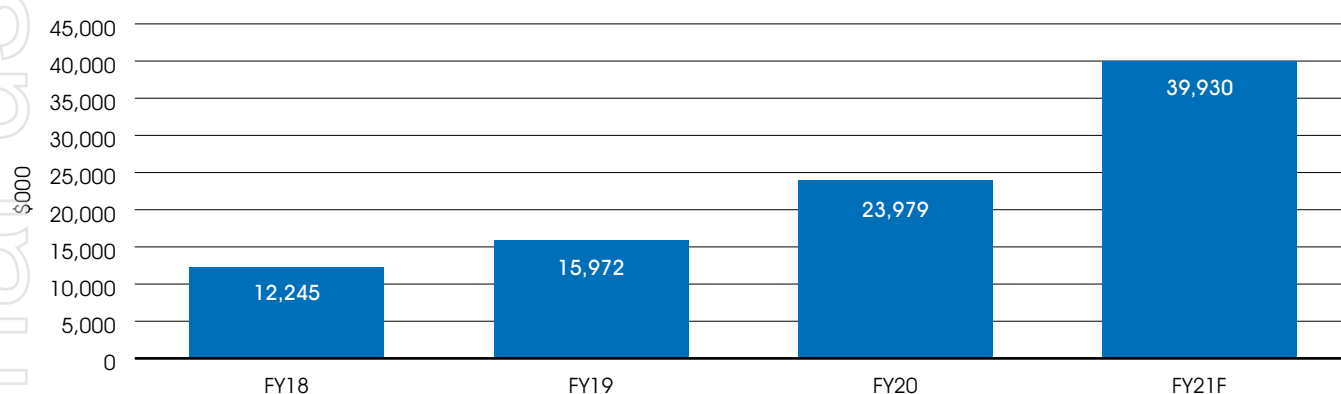
The Company recently launched the Carbon Portal, which has been developed and built in-house to provide larger businesses and managed service providers with the capacity to design and order their own telecommunication services. The Carbon Portal is expected to generate revenue growth within the Company's business segment and will automate a portion of the Company's business workload.

3 Company Overview

The Carbon Portal provides business customers the ability to self-manage services, including capability to reconfigure connections and run troubleshooting tests in real time. Increased control and flexibility provided by the Carbon Portal is expected to significantly simplify ordering and management of these complex services, to save business customers time and money. Please refer to Section 3.5.2.2 for more information on the Company's Carbon Portal.

The Company generated revenue of \$23.98 million from its business segment in FY20 and \$15.97 million in FY19, representing an increase of approximately 50% over the period.

Figure 3.8: Business revenue – FY18 to FY21F



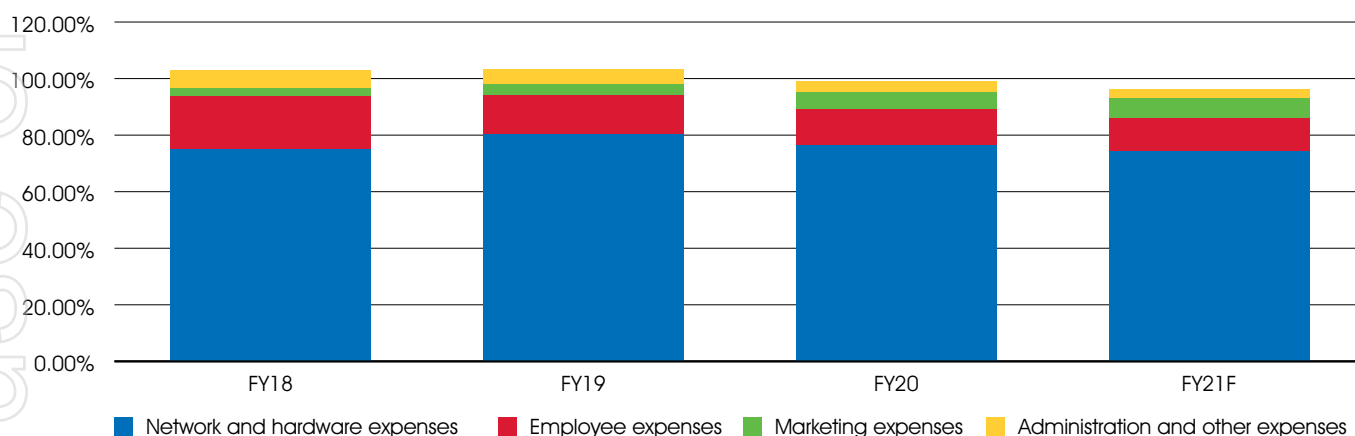
Note: The Business revenue for FY21F referred to in Figure 3.8 represent forecasts by the Company, which are subject to certain assumptions made by the Company as well as various risks. Please refer to Section 4.6 for the assumptions made in preparing the forecasts and Section 5 for key risks.

3.4.3. What are the key cost drivers of Aussie Broadband's business?

The total pro forma operating costs associated with the generation of Aussie Broadband's revenue accounted for approximately 99.2% of revenue during FY20. These costs are comprised of:

- hardware and operations costs, which primarily consist of network access charges from NBN Co and other infrastructure providers that enable the Company's network to operate. These costs represented 76.5% of revenue in FY20;
- employee expenses, which represented 12.7% of revenue in FY20;
- marketing expenses which represented 5.9% of revenue in FY20; and
- administration and other expenses which represented 4.1% of revenue in FY20.

Figure 3.9: Pro forma operating expenditure as a percentage of revenue – FY18 to FY21F



Note: Pro forma operating expenditure includes all costs of operating activities other than interest, tax, depreciation and amortisation and is adjusted to include incremental public company costs throughout the historical period and remove Offer costs. The operating expenditure and revenue for FY21F referred to in Figure 3.9 represent forecasts by the Company, which are subject to certain assumptions made by the Company as well as various risks. Please refer to Section 4.6 for the assumptions made in preparing the forecasts and Section 5 for key risks.

3.4.4. What have been the main impacts of the COVID-19 pandemic on revenue, costs and trends of the business?

Despite the onset of the COVID-19 pandemic, the Company has continued to experience strong growth during the second half of FY20, which the Company attributes to an increase in marketing spend and a large proportion of the Australian working population moving to remote working and learning conditions. The Company also observed an increase in the number of customers on-boarded from its competitors.

The increase in sales volume during this period, required the Company to rapidly expand its customer service and delivery teams in April 2020 to service its growing customer base. As a consequence, the Company did experience increases in costs while the Company sought to address its evolving business needs, in particular with respect to coordinating a large cohort of new staff to be trained and inducted over a short period.

Government restrictions led to the Company moving over 50% of its workforce, including call centre operations, to work from home arrangements. The Company invested additional capital to ensure that all staff were appropriately equipped to work remotely. The Company voluntarily closed its call centre in Lynbrook, Victoria between 18 and 31 August 2020.

Notwithstanding the challenges associated with COVID-19, the Company and its business have not been materially impacted with sales and revenues increasing over the period. For more information on the specific risks that the Company may face in connection with the COVID-19 pandemic, please refer to Section 5.1.4 of this Prospectus.

3 Company Overview

3.5. Aussie Broadband's operations

3.5.1. People, culture and community

Aussie Broadband is managed by a senior leadership team with diverse experience across many industries. The Company's senior employees are hired based on shared corporate cultural values and commitment to Aussie Broadband's strategic direction, which includes a focus on customer service and a desire to create an alternative offering to the large incumbent Australian telecommunication carriers.

The Company grew its workforce from 230 to over 450 over FY20. The Company believes that by increasing employee satisfaction, the Company will be able to encourage its staff to provide higher levels of customer service, in turn leading to better outcomes for the business and shareholders. In 2020, Aussie Broadband became a Certified Great Place to Work and over the past four years, employees have consistently scored the Company at 90% or higher against the question "is this is a great place to work?".

The Company's culture is driven by its values, which are instructional rather than descriptive, and empowers staff to exhibit those values in their everyday interactions with customers. The Company's core values are summarised below.

Figure 3.10: Aussie Broadband's core values

Don't be ordinary, be awesome	We always strive to go above and beyond what's expected – even if it's just injecting an element of humour where appropriate, or spending the extra time to make sure our customers are happy.
Think BIG	If someone tells us something can't be done, that's when we do our best work. We do things differently and we question the status quo. Just because something has always been done that way, does it have to stay like that?
No bullsh*t	We don't bullsh*t our customers – we tell it to them straight, even though it may be news that they don't want to hear or we don't want to tell them. We don't sell them things that they don't need and we take ownership when we're in the wrong. We're human and it's OK to make mistakes, if we clean them up and don't repeat them.
Be good to people	Above all, this company is a family for both our staff and our customers. Family is important, whether you've just joined or whether you've been here 15 years. We treat each other with respect and we're good to people because it's the right thing to do, not because it's a selling point.
Have fun	At Aussie Broadband, we love a joke, we banter and we're playful with our customers where appropriate. Belly laughs happen a lot. We think that if you're not having fun, you're in the wrong job or with the wrong company.

3.5.2. Software and systems

The Company relies heavily on its software and systems for its success, including its in-house developed platform for customer management and billing systems and the CVCBot, which is responsible for managing bandwidth across the Company's NBN network. These systems are complemented by the Company's MyAussie App and Carbon Portal, which enhance customer experience by delivering a number of account management functionalities to the Company's end users. This Section 3.5.2 provides a summary of the key aspects of these software and systems.

3.5.2.1. Management and billing systems

Aussie Broadband has made a significant investment in its primary management and billing systems, and utilises a software platform built by in-house developers over the last 15 years. The investment in this system delivers on the Company's goal of reducing the need for human intervention and improving the overall customer experience. The development of this software has enabled the Company to successfully automate significant processes in billing, customer management, lead management, sales, service delivery, customer service and network operations.

Aussie Broadband's customer management system is an integrated workflow process, providing staff with access to troubleshooting tests that automatically attach to a customer account history, thereby facilitating quick resolutions for customer queries and issues.

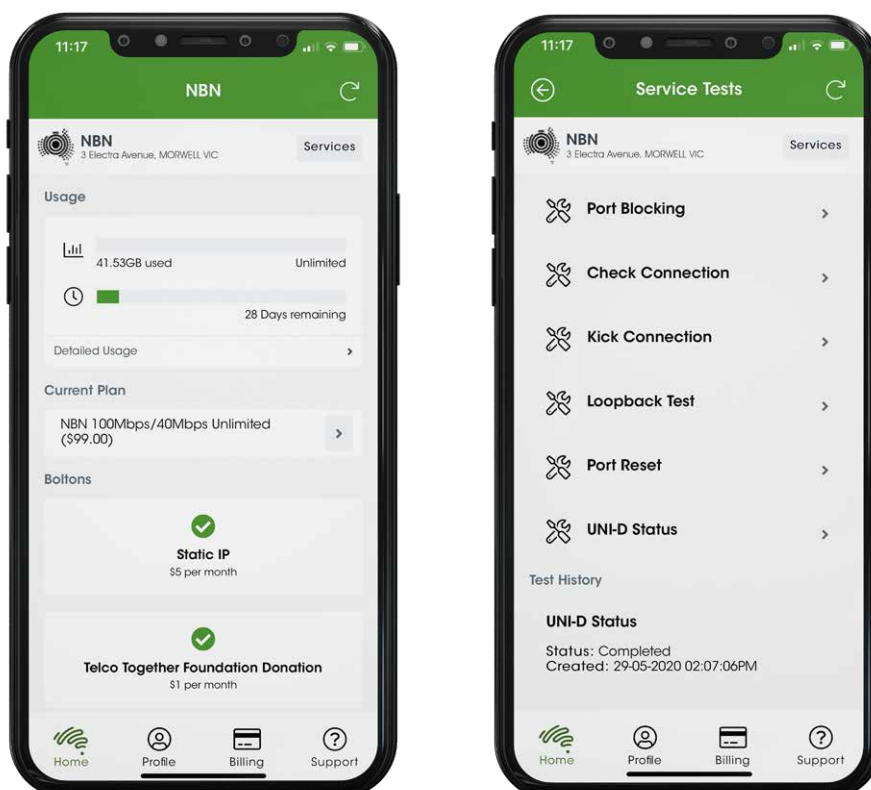
The Company's lead management system can automatically prioritise leads to be called, and where possible is able to connect customers to a consultant that they have previously spoken to on outbound calls. The Company's post-sale service delivery process was used to complete connection of 85% of all new services without human intervention as at June 2020. This highly automated order processing capability can connect the Company's NBN customers in less than 15 minutes.

3.5.2.2. Customer experience

Aussie Broadband's Residential customers can access the MyAussie App, a mobile application available on Android™ and Apple™ enabled devices. The MyAussie App is used by approximately 60% of Aussie Broadband's Residential customers as at 30 June 2020.

The MyAussie App provides a customer-focused interface of the Company's customer management system that enables customers to view and analyse their personal usage; add, change or terminate any service; track new service orders; update account and billing details; troubleshoot services and view outages.

Figure 3.11: MyAussie App

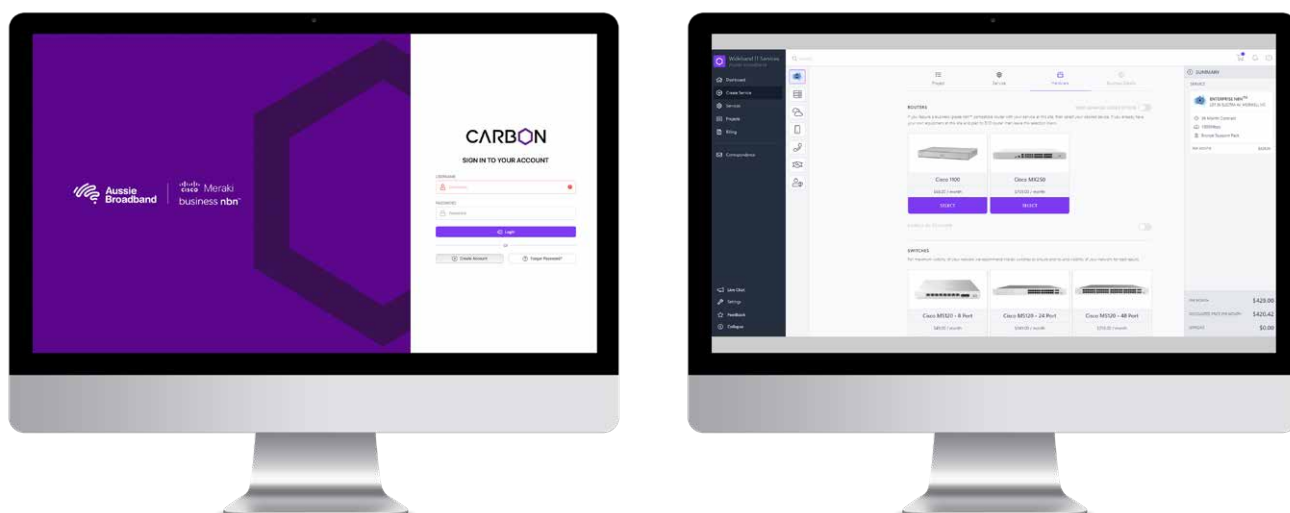


3 Company Overview

Developed and built by the Company in-house and launched in 2020, the Carbon Portal is designed to improve the user experience for the Company's larger Business customers and managed service providers. The Carbon Portal provides larger businesses and managed service providers with the capacity to design and order their own telecommunication services as well as the ability to self-manage services, including capability to reconfigure connections and run troubleshooting tests in real time.

In some instances, business services ordered through the Carbon Portal can be connected in minutes, in contrast to significantly longer timeframes experienced when equivalent services are provisioned using manual processes. Increased control and flexibility provided by the Carbon Portal is expected to significantly simplify ordering and management of these complex services, to save the Company's Business customers time and money.

Figure 3.12: Carbon Portal



3.5.2.3. Network capacity

The Aussie Broadband CVCBot manages capacity across the Company's NBN network, both upgrading and downgrading bandwidth in response to prevailing bandwidth usage. This software supports the Company's ability to ensure its customers receive the best possible speeds during peak hours, thereby improving the customer experience. This software allows Aussie Broadband to minimise unutilised bandwidth and minimise operating costs. The Company considers that its CVCBot software is unique in the Australian telecommunications industry.

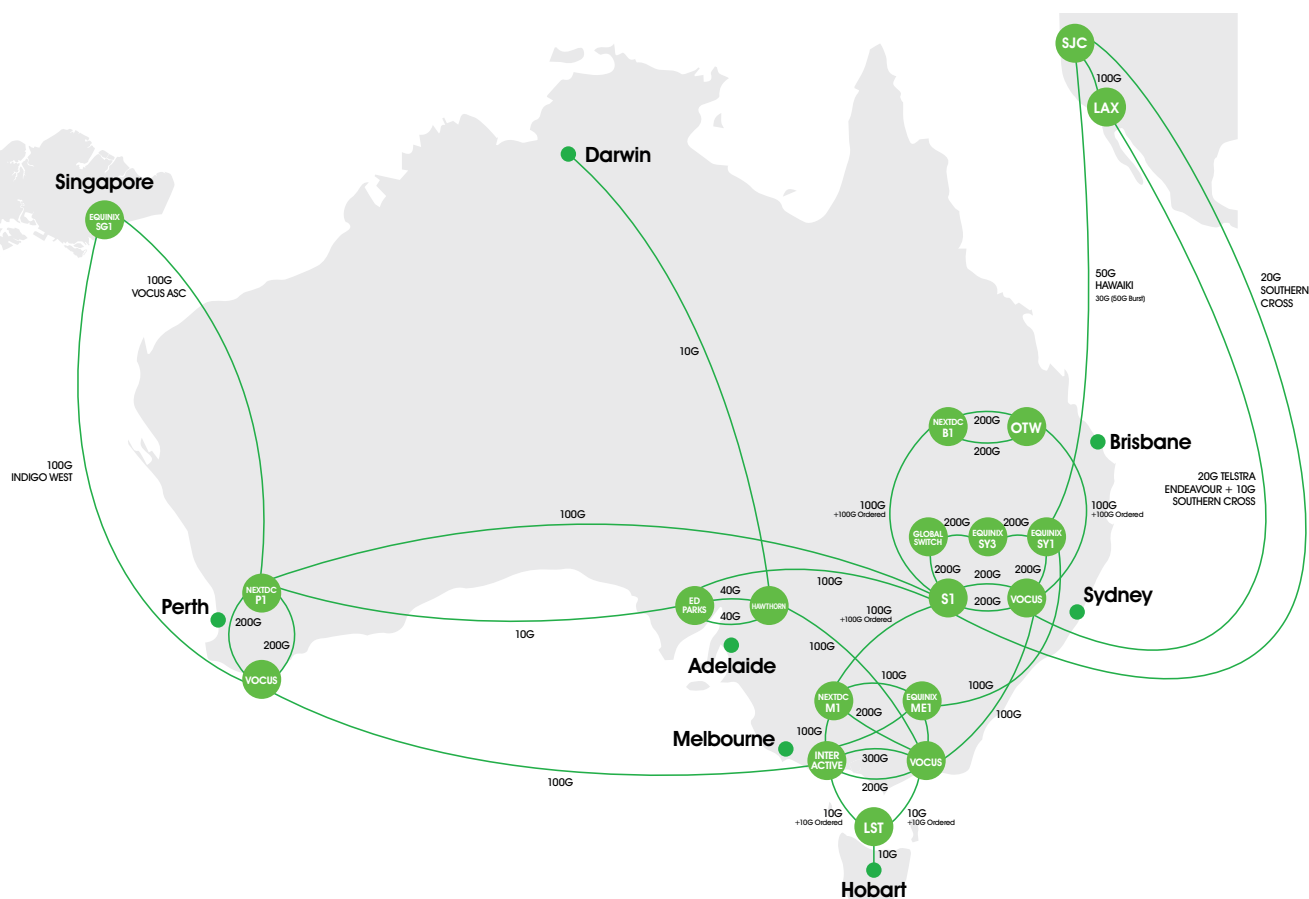
3.5.3. Aussie Broadband Network

3.5.3.1. Overview

Aussie Broadband is directly connected to all 121 NBN POIs across Australia. The Company deploys Cisco hardware to run its NBN network and has purchased capacity on both legs of the Southern Cross cable, the Telstra Endeavour cable and Hawaiki cable system to the United States. Capacity has also been purchased on the Vocus Australia Singapore Cable (ASC) and Indigo West, providing multiple paths to Singapore.

The Company maintains over 40 direct peering links with significant content providers including Netflix, Facebook, Fetch TV, Google, Apple, Akamai, Microsoft and Amazon, as well as connecting to multi-lateral peering exchanges including IX Australia, Megaport, EdgelX and the Equinix Internet Exchange.

Figure 3.13: Network overview map (comprising owned and leased capacity)*



*Note: current as at 22 August 2020.

3.5.3.2. Network supply agreements

Aussie Broadband maintains multi-year long term supply agreements for its network connectivity and operating requirements with a number of Australia's incumbent telecommunication providers and with NBN Co directly.

The Company's main suppliers provide their services at market rates and terms. Aussie Broadband maintains supply agreements with the following key suppliers:

- NBN Co, is the single largest supplier to the Company and provides the Company with access to the NBN, via a range of different wholesale products. This allows the Company to sell access to the NBN to both Residential and Business customers. For a summary of the key terms of the supply agreement that the Company has entered into with NBN Co, refer to Section 10.2.
- Telstra Wholesale, provides the Company with access to wavelength connectivity between the majority of the 121 POIs and key capital city data centres, in addition to IP transit and international capacity to Singapore and the United States. For a summary of the key terms of the supply agreement that the Company has entered into with Telstra, refer to Section 10.3.
- Vocus, supplies the Company with dark fibre, data centre space, wavelengths between capital cities and sub-sea cable capacity connecting Perth to Singapore. For a summary of the key terms of the supply agreement that the Company has entered into with Vocus, refer to Section 10.4.

3 Company Overview

- Cisco, which is the Company's primary network equipment vendor, providing the latest NCS5500 and ASR9K platforms which form the core and customer aggregation components of the Company's network. For a summary of the key terms of the supply agreement that the Company has entered into with Cisco, refer to Section 10.12.
- Equinix and NEXTDC, which are the key data centre suppliers of housing network equipment and also provide cross connection to key peering partners. For a summary of the key terms of the supply agreements that the Company has entered into with Equinix and NEXTDC refer to Sections 10.11 and 10.7 respectively.

3.5.4. Aussie Broadband backhaul fibre project

Aussie Broadband began the roll out of its own dark fibre (fibre optic cable) network, following the completion of an initial scoping and validation phase. This project is expected to replace 63% of the Company's leased backhaul capacity to NBN POIs and will remove all leased dark fibre capacity currently between capital city data centre sites.

Capital expenditure on this project is budgeted to be \$67 million and is expected to require two years to complete. The first two stages of deployment of the Company's fibre project commenced in May 2020 and are expected to be completed during September 2020.

This project is expected to reduce Aussie Broadband's reliance on third-party carriers and is designed to reduce costs associated with leasing backhaul and dark fibre. The useful life of the project is estimated to be a minimum of 25 years and it is anticipated that the project will increase the Company's ability to provide redundancy, and increase capacity loads as required.

In addition to providing backhaul to the NBN POIs, the new dark fibre network will enable the provision of direct services to end customers by bypassing the NBN. This is expected to generate higher margins than is currently achieved on these services.

3.5.5. Marketing and brand

Aussie Broadband relies on its in-house marketing team to develop its marketing campaigns, which utilise positive customer feedback and reviews to emphasise the Company's competitive advantages, namely the speed of its NBN access plans and strong customer service.

The marketing team constantly tests marketing campaigns, content and channels to ensure the greatest impact and efficiency of marketing spend. The Company works strategically with external partners for branding, digital marketing, television advertising and other channel support.

This Section provides a summary of the targeted marketing strategies adopted by the Company to address the Residential and Business segments.

3.5.5.1. Residential marketing strategy

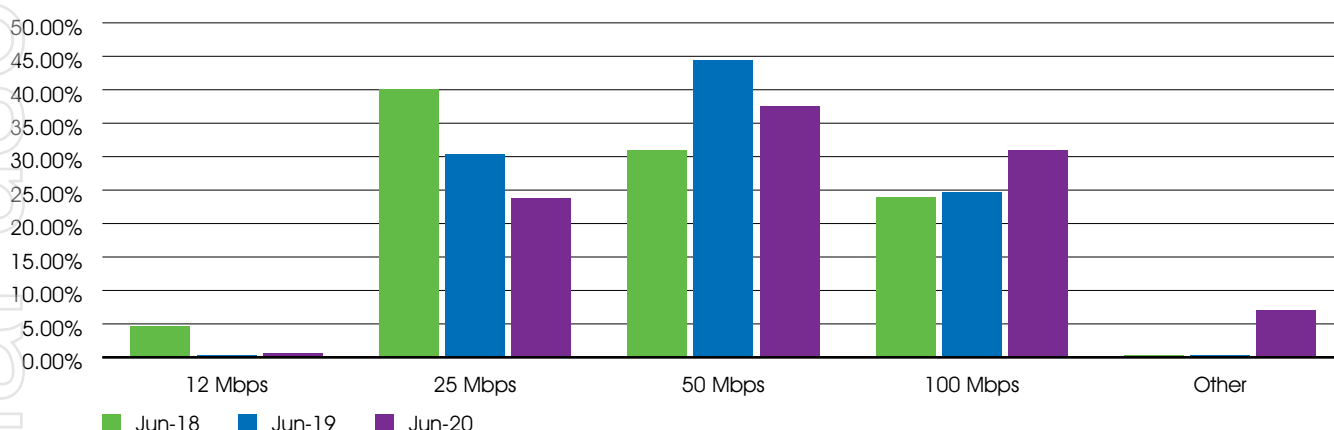
Aussie Broadband's marketing approach in the Residential sector has traditionally focussed on tech savvy users seeking high speed internet connections, and non-technical users seeking superior customer service and support. The Company provides a premium product and premium service to target this particular demographic of consumers.

Primary marketing channels for this sector include direct mail, television, digital pay-per-click, email, social media and referral clients. Promotional strategies are also used to increase effectiveness of advertising and awareness campaigns.

Aussie Broadband significantly increased its marketing expenditure during FY20 relative to prior periods, which the Company attributes as being the main driver of the sustained and strong customer growth of this segment. The Company also began new campaigns and customer acquisition activities, in particular trialling new digital, broadcast and out-of-home channels during this period.

Expenditure on marketing and advertising in FY20 grew to approximately \$11.22 million, up from \$3.83 million in FY19. The chart below highlights the growth in the Company's higher speed NBN plans relative to lower speed plans over the period which highlights the Company's focus on premium products and is contrasted against industry speed tier data provided in Section 2.5.3.1.

Figure 3.14: Aussie Broadband NBN wholesale speed tier plans – FY18 to FY20



Note: Figure 3.14 depicts the share of the Company's various speed-tier NBN plans relative to the total number of active connections (including business connections) as at June 30 for each financial year.

The Company has also grown market share across each state over the past three years.

Figure 3.15: NBN connections market share by state – FY18 to FY20



Note: Figure 3.15 depicts the share of the Company's NBN connections by state as a percentage of total NBN connections as at June 30 for each financial year.

3 Company Overview

3.5.5.2. Business marketing strategy

Aussie Broadband's Business marketing strategy has historically focused on regional businesses, supported by custom solutions to suit customers' specific needs. In recent years however, NBN Co has launched a number of new products designed for businesses, including NBN Enterprise Ethernet in 2018 and NBN Business Bundles in 2018. This has provided the Company with an opportunity to grow its business services across the country, which has been further supported by the Company's growing brand awareness.

The primary marketing channels for the Business NBN market include direct mail, digital pay-per-click, email, social media and referral clients, which are complemented by periodic promotional strategies. Additionally, the Company's marketing strategy for the business segment includes engaging with managed service providers and larger enterprise customers, an increased focus on tender applications and establishing a specialised business sales team.

3.5.6. Australian operations and support

The Company is committed to its strategic decision to maintain all staff operations within Australia to ensure high levels of customer experience are achieved.

At the same time, the Company seeks to offset its relatively higher operating cost base as a result of the higher wages associated with maintaining an Australian workforce by continuing to invest in automation which generates efficiencies without comprising customer experience.

The Company's success in providing a superior level of customer service has been recognised through:

- as at 21 August 2020, the weighted average rating across public review platforms Product Review, Google and Facebook was 4.56 out of 5;
- Canstar Blue Most Satisfied NBN Customers for 2019 and 2020;
- Product Review award winner in the Internet Service Provider category for 2018, 2019 and 2020; and
- ACOMM (telecommunications industry) Award for Commitment to Customer Service, 2019 and 2020.

3.6. Growth and development opportunities

The Company's main focus in FY21F will be to strongly grow its customer base and market share by further increasing its marketing spend from approximately \$11.22 million in FY20 to approximately \$23.79 million. Aussie Broadband added approximately 150,000 new Residential connections in FY20 and anticipates that the increased marketing budget will allow the Company to add a further 197,000 new Residential customers in FY21F.

3.6.1. Innovation and development

Aussie Broadband is committed to ongoing research and development, and constant innovation to improve network efficiencies and user experience. The Company is focussed on product development to deliver new revenue streams. Aussie Broadband was the first Australian telecommunications provider to announce its participation in new NBN 1 gigabit ultrafast speed plans.

Aussie Broadband considers that a continued focus on high-quality service will allow the Company to justify charging a premium for providing premium services and products as the Company strives to influence higher service standards within the industry.

3.6.2. Other growth opportunities

While the Company's major focus will be the rollout of its fibre backhaul project, the Company's other near-term growth opportunities and projects include:

- the launch of the Cisco Meraki suite of hardware products, providing security, SD-WAN and Wi-Fi solutions to the SME marketplace;
- the introduction of Aussie Broadband as a RSP on the OptiComm network, providing access to an additional footprint of 100,000 fibre customers;
- development of a competitive set of mobile products including handsets and associated consumer plans expected to be released in FY21; and
- continued automation initiatives, particularly in relation to sign-up, onboarding and support systems, which will assist the delivery of a sustainable and growing gross profit per user (**GPPU**). This is a focus of the Company's business model, particularly as it enables the Company to allocate more staff to its customer-facing teams to provide higher quality customer service.

3.7. Regulatory requirements

3.7.1. Carrier licence

As an owner of network units (as defined under the Telecommunications Act) Aussie Broadband is required to hold a carrier licence. Aussie Broadband operates under the carrier licence held by its Subsidiary, Wideband Networks, which was granted on 7 December 2006. Aussie Broadband meets all applicable conditions under the Telecommunications Act.

3.7.2. Other regulatory obligations

In addition to the requirement to hold a carrier licence, Aussie Broadband is subject to other parts of the Telecommunications Act, the *Telecommunications (Consumer Protection and Service Standards) Act 1999* (Cth), various telecommunications industry codes, and the Australian Consumer Law.

As referred to Section 2.2., the main regulatory authorities that supervise the Australian telecommunications industry are the ACMA, the ACCC and the Telecommunications Industry Ombudsman.

Some of the major regulatory requirements that govern the Company's activities include:

- the C628:2019 Telecommunications Consumer Protections Code, the Telecommunications (NBN Consumer Information) Industry Standard 2018, the Telecommunications (NBN Continuity of Service) Industry Standard 2018, the Telecommunications (Consumer Complaints Handling) Industry Standard 2018 and other codes and standards associated with the industry; and
- the ACCC's requirements on the publication and marketing of speed claims and other aspects of Aussie Broadband's services.

The Company is also subject to general business laws and obligations including the Corporations Act, the Competition Act, as well as relevant tax, employment and privacy laws.

4

Financial Information

4 Financial Information

4.1. Introduction

The financial information of Aussie Broadband contained in Section 4 includes Historical Financial Information for the financial years ended 30 June 2018 (**FY18**), 30 June 2019 (**FY19**) and 30 June 2020 (**FY20**) and Forecast Financial Information for year ending 30 June 2021 (**FY21F**) (collectively the **Financial Information**) as set out below:

Historical Financial Information

- The Statutory Historical Financial Information comprising:
 - Statutory Historical Consolidated Income Statement for FY18, FY19 and FY20 (**Statutory Historical Income Statements**);
 - Statutory Historical Consolidated Statement of Cash Flows for FY18, FY19 and FY20 (**Statutory Historical Statement of Cash Flows**);
 - Statutory Historical Consolidated Statement of Financial Position as at 30 June 2020 (**Statutory Historical Statement of Financial Position**),

(the **Statutory Historical Financial Information**).

- The Pro Forma Historical Financial Information comprising:
 - Pro Forma Historical Consolidated Income Statement for FY18, FY19 and FY20 (**Pro Forma Historical Income Statements**);
 - Pro Forma Historical Consolidated Statement of Cash Flows for FY18, FY19 and FY20 (**Pro Forma Historical Statement of Cash Flows**);
 - Pro Forma Historical Consolidated Statement of Financial Position as at 30 June 2020 (**Pro Forma Historical Statement of Financial Position**),

(the **Pro Forma Historical Financial Information**)

Forecast Financial Information

- The Statutory Forecast Financial Information comprising:
 - Statutory Forecast Consolidated Income Statement for FY21F (**Statutory Forecast Income Statement**);
 - Statutory Forecast Consolidated Statement of Cash Flows for FY21F (**Statutory Forecast Statement of Cash Flows**),

(the **Statutory Forecast Financial Information**).

- Pro Forma Forecast Financial Information comprising:
 - Pro Forma Forecast Consolidated Income Statement for FY21F (**Pro Forma Forecast Income Statement**);
 - Pro Forma Forecast Consolidated Statement of Cash Flows for FY21F (**Pro Forma Forecast Statement of Cash Flows**)

(the **Pro Forma Forecast Financial Information**).

The Statutory Historical Financial Information and Statutory Forecast Financial Information are, together, the **Statutory Financial Information**.

The Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information are, together, the **Pro Forma Financial Information**.

4 Financial Information

Also summarised in Section 4 are:

- the basis of preparation and presentation of the Financial Information, including the application of new accounting standards to the Financial Information and areas of critical accounting judgements and estimates (refer to Section 4.2);
- information regarding certain non-IFRS financial measures (refer to Section 4.2.4.3);
- a summary of key pro forma operating and financial metrics (refer to Section 4.3.2);
- the pro forma adjustments to the Statutory Financial Information, and reconciliations between Statutory Financial Information and the Pro Forma Financial Information respectively (refer to Sections 4.3.3 and 4.4.2);
- information regarding liquidity, capital resources and indebtedness (refer to Section 4.5);
- information regarding Aussie Broadband's contractual obligations, commitments and contingent liabilities (refer to Section 4.5.4);
- the general and specific assumptions underpinning the Forecast Financial Information (refer to Section 4.6);
- management discussion and analysis of the Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information (refer to Section 4.7);
- an analysis of the sensitivity of the Pro Forma Forecast Financial Information to changes in certain key assumptions (refer to Section 4.8); and
- a summary of Aussie Broadband's proposed dividend policy (refer to Section 4.9).

The information in Section 4 should also be read in conjunction with the Company Overview set out in Section 3, the Risk Factors set out in Section 5, Aussie Broadband's significant accounting policies as set out in Appendix A, and the other information contained in this Prospectus.

All amounts disclosed in Section 4 and Appendix A are presented in Australian Dollars, which is Aussie Broadband's functional and presentation currency for statutory financial reporting purposes. All amounts disclosed in the tables in Section 4 are presented in thousands, and, unless otherwise noted, are rounded to the nearest thousand. Any discrepancies between totals and the sum of the components in tables, figures and diagrams contained in this Section 4 are due to rounding.

4.2. Basis of preparation and presentation of the Financial Information

4.2.1. Overview and preparation and presentation of the Financial Information

The Financial Information included in the Prospectus is intended to present potential investors with information to assist them in understanding the historical financial performance, cash flows and financial position of Aussie Broadband, together with the Forecast Financial Information for FY21F.

The Statutory Financial Information has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards (**AAS**), which are consistent with the International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board.

The Pro Forma Financial Information has been prepared in accordance with the recognition and measurement principles of AAS other than it includes certain adjustments which have been prepared in a manner consistent with the AAS in order to illustrate their effect if the adjustments had occurred in each period commencing on 1 July 2017.

The Pro Forma Financial Information has been prepared solely for inclusion in this Prospectus and does not reflect the actual financial results and cash flows of Aussie Broadband for the periods indicated. Aussie Broadband believes that it provides useful information as it permits investors to examine what it considers to be the underlying financial performance and cash flows of the business presented on a consistent basis with the Forecast Financial Information.

This Prospectus includes Forecast Financial Information based on the specific and general assumptions of Aussie Broadband.

The significant accounting policies and critical areas of accounting judgements and estimates adopted in the preparation of the Financial Information are set out in Appendix A (see Section 4.2.4). The Financial Information is presented in an abbreviated form, insofar as it does not include all the disclosures, statements or comparative information as required by the AAS applicable to annual financial reports prepared in accordance with the Corporations Act.

In addition to the Financial Information, Section 4 describes certain non-IFRS financial measures that are used to manage and report on Aussie Broadband's business that are not defined under or recognised by AAS or IFRS.

The Directors are responsible for the preparation and presentation of the Financial Information.

The Pro Forma Financial Information (as defined in Section 4.1) has been reviewed by KPMG Financial Advisory Services (Australia) Pty Limited, in accordance with the Australian Standard on Assurance Engagements ASAE3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Independent Limited Assurance Report. Investors should note the scope and limitations of the Independent Limited Assurance Report (contained in Section 8).

4.2.2. Preparation of the Historical Financial Information

The Statutory Historical Financial Information used in the preparation of the Pro Forma Historical Financial Information has been derived from Aussie Broadband's consolidated audited general purpose financial statements for FY18 (restated), FY19 (restated) and FY20.

The restated FY18 and FY19 financial statements were audited by William Buck, which issued an unmodified audit opinion. The FY18 and FY19 accounts were restated to reflect changes in accounting treatment and to correct for accounting errors identified in the previously issued FY18 and FY19 financial statements.

The FY20 financial statements were audited by KPMG which issued an unmodified audit opinion.

The audits of the FY18 (restated), FY19 (restated) and FY20 financial statements were performed in accordance with Australian Auditing Standards.

The Pro Forma Historical Financial Information has been prepared solely for inclusion in this Prospectus and has been derived from the Statutory Historical Financial Information and adjusted for the effects of the following pro forma adjustments:

- the impact of the Offer, including Offer costs;
- removal of costs (including interest expense and fair value adjustments) relating to the Convertible Notes and associated derivative that convert to ordinary shares on Completion of the Offer;
- modified retrospective application of AASB16, Leases, as if AASB16 had been adopted from 1 July 2017; and
- inclusion of incremental costs associated with operating as a listed public company, as though they had been incurred from 1 July 2017.

Section 4.3.1, Table 4.2 sets out the pro forma adjustments made to the Statutory Historical Income Statement and a reconciliation of the Pro Forma Historical Income Statement to the Statutory Historical Income Statement, including explanations of these adjustments.

Section 4.4.1, Table 4.7 sets out the pro forma adjustments to the Statutory Historical Statement of Cash Flows and a reconciliation of the Pro Forma Historical Statement of Cash Flows to the Statutory Statement of Historical Cash Flows.

Section 4.5.1, Table 4.9 sets out the pro forma adjustments to the Statutory Historical Statement of Financial Position, and a reconciliation of the Pro Forma Historical Statement of Financial Position to the Statutory Historical Statement of Financial Position. Pro forma adjustments were made to the Statutory Historical Statement of Financial Position to reflect the impact of the Offer as if it had occurred as at 30 June 2020.

Investors should note that past results are not a guarantee of future performance.

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4.2.3. Preparation of the Forecast Financial Information

The Forecast Financial Information has been prepared solely for inclusion in this Prospectus. The Forecast Financial Information is presented on both a statutory and pro forma basis for FY21F. The basis of preparation and presentation of the Forecast Financial Information is consistent with the basis of preparation and presentation of the Pro Forma Historical Financial Information.

The Forecast Financial Information has been prepared by Aussie Broadband based on an assessment of current economic and operating conditions and on the general and specific assumptions regarding future events and actions set out in Section 4.6. The disclosure of these assumptions is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and the effect on the Forecast Financial Information if they do not occur, and is not intended to be a representation that the assumptions will occur.

The Statutory Forecast Financial Information represents Aussie Broadband's best estimate of the financial performance and cash flows that it expects to report in its general purpose statutory financial statements for FY21F. This assumes Completion will occur on 26 October 2020, and reflects 8 months of incremental public company costs associated with Aussie Broadband being a publicly listed entity.

The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information, after adjusting for pro forma adjustments to reflect Aussie Broadband's operating and capital structure following Completion, and to eliminate Offer costs.

Section 4.3.3, Table 4.4 sets out a reconciliation of statutory forecast NPAT to pro forma forecast NPAT for FY21F. Section 4.4.2, Table 4.7 sets out a reconciliation of statutory forecast free and net cash flow to pro forma forecast free and net cash flow for FY21F.

The Forecast Financial Information is subject to the risk factors as set out in Section 5.

Aussie Broadband believes the general and specific assumptions, when taken as a whole, to be reasonable at the time of preparing the Prospectus. The Forecast Financial Information has been prepared with respect to current operating conditions under the COVID-19 pandemic. The impact of the COVID-19 pandemic on the business is discussed further in Section 3.4.4, outlining the specific assumptions underpinning the Forecast Financial Information and in Sections 4.6 and 4.7.

However, the information is not fact, and investors are cautioned not to place undue reliance on the Forecast Financial Information. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information and that this may have a material positive or negative effect on Aussie Broadband's actual financial performance, cash flows or financial position. In addition, the assumptions upon which the Forecast Financial Information is based on are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of Aussie Broadband, and its respective Directors and management, and are not reliably predictable. Accordingly, none of Aussie Broadband, its respective Directors or management or any other person can give investors any assurance that the outcomes disclosed in the Forecast Financial Information will arise. Events and outcomes might differ in amount and timing from these assumptions, with a material consequential impact on the Forecast Financial Information.

The Forecast Financial Information should be read in conjunction with the general and specific assumptions set out in Section 4.6, the sensitivity analysis described in Section 4.8, the risk factors described in Section 5, the significant accounting policies set out in Appendix A, and other information in this Prospectus. Aussie Broadband does not intend to update or revise the Forecast Financial Information or other forward looking statements or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law or regulation.

Due to its nature, the Pro Forma Forecast Financial Information does not represent Aussie Broadband's actual or prospective financial performance or cash flows for the respective period.

4.2.4. Significant accounting policies and application of new accounting standards to the Financial Information

The significant accounting policies applied consistently in the preparation of the Financial Information are set out in Appendix A. Aussie Broadband adopted AASB9, Financial Instruments and AASB15, Revenue from Contracts with Customers from 1 July 2018, and AASB16, Leases from 1 July 2019.

The adoption of AASB9 and AASB15 did not materially impact Aussie Broadband's financial performance or cash flows, and accordingly no pro forma adjustments have been retrospectively applied to reflect these standards. The retrospective application of AASB16 has been reflected in relation to the Pro Forma Historical Financial Information, as discussed further below.

4.2.4.1. AASB16 Leases

AASB16 is applicable for accounting periods beginning on or after 1 January 2019, accordingly Aussie Broadband has adopted this standard from 1 July 2019 onwards. This standard removes the distinction between operating leases (no Statement of Financial Position impact) and finance leases (impact on the Statement of Financial Position) for lessees. Under AASB16, a lessee is required to recognise assets and liabilities for all leases with a term greater than 12 months, unless the underlying asset is of low value.

AASB16 impacts how Aussie Broadband accounts for its lease of corporate offices, communication towers, data centre/colocation usage and certain network connections. Under the previous AAS, costs related to these lease contracts were recognised in the Income Statement over the lease term within both network and hardware expenses and administration and other expenses (and were included within EBITDA). Under AASB16, these leases are to be accounted for:

- as a right of use asset and a corresponding lease liability. This is initially measured at the present value of the liability at the date of adoption;
- the right of use asset is then amortised over its useful life with the expense included in depreciation and amortisation expense in the income statement;
- interest expense on lease liabilities is recognised in the income statement as a portion of each lease payment made.

The quantum of expense recognition changes over the lease term, as a greater amount of the interest expense is recognised in the earlier periods of the lease.

For short term leases (leases with a lease term of less than 12 months) and leases of low-value assets, Aussie Broadband has opted to recognise a lease expense on a straight-line basis within network and hardware expenses or administration and other expenses as permitted by AASB16.

AASB16 has no impact on net cash flows. Under AASB16, the principal lease repayments are presented separately within financing cash flows. Under the previous AAS, these payments were included in operating cash flows.

AASB16 has been applied to the preparation of the Pro Forma Historical Financial Information and the Forecast Financial Information on a consistent basis, as if this standard applied from 1 July 2017. The table below illustrates the impact of AASB16 had the standard been applied from 1 July 2017.

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Table 4.1: Pro forma historical and forecast impact of application of AASB16 Leases

\$000	FY18	FY19	FY20	FY21F
Operating lease expense	1,504	1,771	2,208	3,463
Impact on EBITDA	1,504	1,771	2,208	3,463
Depreciation expense	(1,538)	(1,479)	(2,022)	(3,275)
Impact on EBIT	(35)	292	186	187
Interest expense	(200)	(139)	(269)	(453)
Impact on loss after income tax benefit	(235)	152	(83)	(265)

There is a significant impact as a result of AASB16 (including non-IFRS measures) on earnings before interest, tax and depreciation and amortisation, operating cash flows and financing cash flows.

4.2.4.2. Critical accounting policies

Preparing financial statements in accordance with AAS requires the use of critical accounting estimates. It also requires management to make judgements, estimates and assumptions in the application of accounting policies that affect the reported amounts in the consolidated financial statements. Management continually evaluates its judgements and estimates in relation to assets and liabilities, contingent liabilities, revenues and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of, assets and liabilities within the next financial year include determining the lease term of contracts with renewal and termination options (Group as lessee); recovery of deferred tax assets; estimation of useful lives of assets; impairment of non-financial assets; provision for expected credit losses of trade receivables and contract assets; employee benefits and leases – estimating the incremental borrowing rate, as described in the significant accounting policies adopted in Appendix A.

4.2.4.3. Explanation of certain non-IFRS financial measures

Aussie Broadband uses certain measures to manage and report on its business that are not recognised under IFRS (nor AAS). These measures are collectively referred in this Section 4 and under ASIC Regulatory Guide 230 Disclosing Non-IFRS Financial Information published by ASIC as “non-IFRS financial measures”. The principal non-IFRS financial measures that are referred to in this Prospectus are as follows:

- EBITDA is earnings or losses before interest, taxation, depreciation and amortisation;
- EBITDA margin is EBITDA expressed as a percentage of revenue;
- EBIT is earnings or losses before interest and taxation;
- Operating cash flow is calculated as EBITDA, less non-cash items in EBITDA (eg share based payment expenses), plus or minus changes in working capital. Note as Aussie Broadband has adopted AASB16, principal lease repayments are included within financing cash flows and are not included in operating cash flow. Aussie Broadband uses operating cash flow as a measure to indicate the level of operating cash flow generated from EBITDA;

- Operating cash flow conversion ratio is operating cash flow expressed as a percentage of EBITDA;
- Operating cash flow after capital expenditure is operating cash flow less capital expenditure. Aussie Broadband uses free cash flow as a measure of the net cash Aussie Broadband generates before tax, interest and other investing cash flows;
- Operating cash flow after capital expenditure conversion ratio is operating cash flow after capital expenditure expressed as a percentage of EBITDA;
- Working capital is the aggregate of trade and other receivables and other assets less trade and other payables, deferred revenue, accruals, other current liabilities and employee benefits;
- Net cash represents cash and cash equivalents less loans, borrowings, liabilities associated with equipment under financing/hire purchase arrangements and lease liabilities associated with property rental and hardware & operations equipment recognised on adoption of AASB 16 Leases; and
- Capital expenditure is the aggregate of capitalised development costs and other expenditure related to property, plant and equipment.

Although Aussie Broadband believes that these measures provide useful information about the financial performance of the business, they should be considered as supplements to the income statement measures that have been presented in accordance with IFRS and not as a replacement for them. As these non-IFRS financial measures are not based on IFRS (or AAS), they do not have standard definitions, and the way Aussie Broadband calculates these measures may differ from similarly titled measures used by other companies. Investors and readers of this Prospectus should therefore not place undue reliance on these non-IFRS financial measures.

4.3. Historical and forecast statements of profit or loss

4.3.1. Pro Forma Historical Income Statement and Pro Forma and Statutory Forecast Income Statement

Table 4.2 sets out the Pro Forma Historical Income Statement for FY18, FY19 and FY20 and the Pro Forma and Statutory Forecast Income Statement for FY21F. The Pro Forma Historical Income Statement and the Pro Forma Forecast Income Statement are reconciled to the Statutory Historical Income Statements (which are set out in Section 4.3.4) and the Statutory Forecast Income Statement in Section 4.3.3. Investors are referred to Section 4.7, which provides a description and management discussion and analysis of the income statement categories.

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Table 4.2: Summary of Pro Forma Historical Income Statement, Pro Forma Forecast Income Statement and Statutory Forecast Income Statement

\$000	Notes	Pro Forma Historical			Pro Forma Forecast	Statutory Forecast
		FY18	FY19	FY20	FY21F	FY21F
Revenue	1	49,266	99,652	190,493	338,095	338,095
Network and hardware expenses	2	(37,053)	(80,141)	(145,700)	(251,719)	(251,719)
Employee expenses	3	(9,210)	(13,609)	(24,211)	(38,762)	(39,131)
Marketing expenses		(1,341)	(3,830)	(11,216)	(23,789)	(23,789)
Administration and other expenses		(3,069)	(5,353)	(7,791)	(11,162)	(12,689)
EBITDA		(1,407)	(3,280)	1,575	12,664	10,767
Depreciation and amortisation	4	(2,439)	(3,135)	(5,503)	(10,896)	(10,896)
EBIT		(3,846)	(6,415)	(3,929)	1,767	(129)
Net financing expenses	5	(225)	(999)	(1,173)	(1,239)	(15,030)
Profit/(loss) before income tax benefit		(4,070)	(7,415)	(5,102)	529	(15,159)
Income tax benefit		–	–	–	–	–
Profit/(loss) after income tax benefit		(4,070)	(7,415)	(5,102)	529	(15,159)

Notes:

1. Total pro forma revenue includes revenue from the provision of NBN services to customers and the sale of hardware (eg routers) to customers. These amounts are shown net of any promotions/discounts provided to customers and associated NBN funding contribution thereof.
2. Pro forma network and hardware expenses includes costs associated with providing NBN services to customers, the cost of routers and other direct costs.
3. Pro forma employee expenses and administration and other expenses includes the incremental listed public company costs of \$2.8 million in FY18, \$2.7 million in FY19 and \$1.9 million in FY20.
4. Depreciation and amortisation: pro forma depreciation charge relates to the right of use property assets recognised under AASB16 (refer to Section 4.2.4.1 for details) and other depreciation and amortisation associated with plant and equipment and intangibles.
5. Net financing expenses: includes interest charges associated with AASB16 (refer to Section 4.2.4.1 for details) and interest associated with the debt facilities. Interest and fair value adjustments associated with the Convertible Notes have been removed as a pro forma adjustment (refer to Section 4.3.3 for details).

4.3.2. Key operating and financial metrics

Table 4.3 sets out Aussie Broadband's Pro Forma Historical key operating and financial metrics for FY18, FY19 and FY20 and the Pro Forma Forecast key operating and financial metrics for FY21F.

Table 4.3: Pro Forma Historical and Forecast key financial and operating metrics

		Pro Forma Historical			Pro Forma Forecast
	Notes	FY18	FY19	FY20	FY21F
Key operating metrics					
Residential connections (period end)	1	59,681	130,741	242,565	368,172
Residential connections (average)	2	41,184	91,139	176,481	311,900
New Residential connections		45,549	90,191	150,031	196,591
Residential churn	3	1.59%	1.66%	1.76%	1.84%
Residential ARPU	4	68.46	72.43	73.69	76.43
Period end headcount		121	230	454	559
Key financial metrics					
Revenue growth %		93.5%	102.3%	91.2%	77.5%
Marketing expense as % of revenue		2.7%	3.8%	5.9%	7.0%
Employee expense as % of revenue		18.7%	13.7%	12.7%	11.5%
EBITDA margin %		(2.9)%	(3.3)%	0.8%	3.7%
Net profit after tax margin %		(8.3)%	(7.4)%	(2.7)%	0.2%
Operating cash flow conversion %		150.3%	136.6%	425.4%	157.7%
Operating cash flow after capital expenditure conversion %		26.3%	(201.0)%	(180.3)%	(273.2)%

Notes:

1. Residential connections (period end) represent the number of active Residential NBN services in the months of 30 June 2018, 30 June 2019 and 30 June 2020 and forecast 30 June 2021 accordingly.
2. Residential connections (average) reflects the average monthly active Residential NBN services, where the average includes the opening and closing 30 June connections in each period.
3. Residential customer churn rate reflects the ratio of connections lost in any month. The metric is taken as an average of the monthly churn over the respective financial period.
4. Average Revenue Per User (**ARPU**) relates to Residential revenue (excluding hardware sales) divided by Residential connections (average). This excludes GST and is akin to the average revenue per connection per month.

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4.3.3. Pro forma adjustments to the Statutory Historical Income Statement and Statutory Forecast Income Statement

Table 4.4 sets out the pro forma adjustments that have been made to the profit/(loss) after tax in the Statutory Historical Income Statements (which are set out in Section 4.3.4) and Statutory Forecast Income Statement. No pro forma adjustments have been made to reported revenue in these statutory statements of profit or loss.

Table 4.4: Pro forma adjustments to the Statutory Historical Income Statement and Statutory Forecast Income Statement

\$000	Notes	Historical			Forecast
		FY18	FY19	FY20	FY21F
Statutory loss after income tax benefit		(1,081)	(4,889)	(12,299)	(15,159)
Revaluation of convertible note	1	–	–	8,687	13,791
IPO transaction costs	2	–	–	374	1,260
Employee share bonus scheme and Directors' allocation	3	–	–	–	525
Executives IPO bonus	4	–	–	–	300
Public company costs	5	(2,754)	(2,678)	(1,863)	(188)
Adoption of AASB 16 Leases	6	(235)	152	–	–
Pro forma adjustments		(2,989)	(2,526)	7,198	15,687
Pro forma profit/(loss) after income tax benefit		(4,070)	(7,415)	(5,102)	529

Notes:

1. Adjustment to reflect movements in the fair value of the Convertible Notes and derivative liabilities associated with the conversion of the Convertible Notes upon Completion of the Offer. On Listing, the Convertible Notes issued in October 2019 and accrued coupon interest thereto will convert to ordinary equity. This adjustment removes the coupon interest accrued as well as the non-cash impact of the fair value revaluation of the financial instruments associated with the Convertible Notes on the basis that this is not reflective of the capital structure of Aussie Broadband post-Offer.
2. FY21 transaction fees related to the Offer (assuming the Maximum Subscription is achieved) are estimated at \$3.5 million of which \$2.2 million relates to the issue of New Shares by Aussie Broadband and will be offset against equity raised in the Offer.
3. The Employee Gift Offer of \$1,000 worth of Shares will be offered to an estimated 450 employees as part of the IPO. In addition, 75,000 Shares will be issued to certain Non-Executive Directors as a special exertion fee for their involvement in the Offer. As these are not reflective of the ongoing remuneration structure, the associated cost has been removed from the pro forma profit after income tax benefit.
4. Upon Listing, certain Senior Executives of Aussie Broadband will be awarded an IPO bonus totalling \$300,000. Given this is solely related to the IPO and not reflective of the Executive bonus scheme going forward, this cost has been removed from the pro forma profit after income tax benefit.
5. Reflects Aussie Broadband's estimate of the incremental annual costs that Aussie Broadband will incur as a result of being a listed public company. These costs include Directors' fees, listing fees, share registry costs, incremental audit and legal fees, additional insurance, investor relations costs, annual general meeting costs, annual report costs and other public company costs. The adjustment for FY21F reflects the inclusion of estimated costs on a pro rata basis for the months before Aussie Broadband expects to be a listed public entity.
6. Adjustment to reflect the application of AASB16 as if it had been in place since the start of FY18. AASB16 requires the recognition of most lease liabilities on the statement of financial position, together with a related right of use asset. As a result of the adoption of AASB16, lease expenses included within network and hardware expenses and administration and other expenses will decrease and depreciation and interest will increase. Refer to Table 4.1 for further information.

4.3.4. Statutory Historical Income Statement

Table 4.5 sets out the Statutory Historical Income Statements.

Table 4.5: Statutory Historical Income Statements

\$000	Statutory Historical		
	FY18	FY19	FY20
Revenue	49,266	99,652	190,493
Network and hardware expenses	(38,475)	(81,764)	(145,700)
Employee expenses	(7,182)	(11,644)	(22,869)
Marketing expenses	(1,341)	(3,830)	(11,216)
Administration and other expenses	(2,424)	(4,787)	(7,644)
EBITDA	(156)	(2,373)	3,064
Depreciation and amortisation	(901)	(1,656)	(5,503)
EBIT	(1,057)	(4,029)	(2,439)
Net financing expenses	(24)	(860)	(9,860)
Loss before income tax benefit	(1,081)	(4,889)	(12,299)
Income tax benefit	–	–	–
Loss after income tax benefit	(1,081)	(4,889)	(12,299)

4.4. Historical and forecast statement of cash flows

4.4.1. Pro Forma Historical Statement of Cash Flows, Pro Forma and Statutory Forecast Statement of Cash Flows

Table 4.6 sets out Aussie Broadband's Pro Forma Historical Statement of Cash Flows, the Pro Forma Forecast Statement of Cash Flows and the Statutory Forecast Statement of Cash Flows. The Statutory Historical Statement of Cash Flows (which is set out in Section 4.4.3) and the Statutory Forecast Statement of Cash Flows are reconciled to the Pro Forma Historical Statement of Cash Flows and Pro Forma Forecast Statement of Cash Flows in Section 4.4.2. Investors are referred to Section 4.7.9, which provides a management discussion and analysis of the cash flow line items.

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Table 4.6: Pro Forma Historical Statement of Cash Flows, Pro Forma Forecast Statement of Cash Flows and Statutory Forecast Statement of Cash Flows

\$000	Notes	Pro Forma Historical			Pro Forma Forecast	Statutory Forecast
		FY18	FY19	FY20	FY21F	FY21F
EBITDA		(1,407)	(3,280)	1,575	12,664	10,767
Non-cash expenses	1	308	347	511	308	833
Changes in working capital	2	1,806	4,133	4,614	7,005	7,005
Operating cash flow		708	1,199	6,700	19,976	18,605
Capital expenditure	3	(1,077)	(7,794)	(7,965)	(41,914)	(41,914)
Operating cash flow after capital expenditure		(369)	(6,595)	(1,265)	(21,938)	(23,309)
Financing cash flows						
Net proceeds/(repayments) of borrowings		(326)	7,078	519	2,806	2,806
Net interest paid		(225)	(999)	(1,176)	(1,239)	(1,239)
Principal lease repayments	4	(1,303)	(1,632)	(1,941)	(3,010)	(3,010)
Gross proceeds from issue of shares	5	–	–	–	–	40,000
Transaction costs	6	–	–	–	–	(2,482)
Net cash flow before dividends		(2,223)	(2,147)	(3,860)	(23,381)	12,765

Notes:

1. Non-cash items in EBITDA relate to share based payments in relation to the executive LTI Plan and a loss on sale of assets in FY19 and FY20.
2. The key driver of changes in working capital is the timing of customer payments. Customers pay in advance each month (the billing date varies) and this results in a deferred income liability at month-end (for daily revenue from the 1st of the next month until the subsequent billing date – on average this would be approximately 15 days of revenue). This balance increases as the business achieves customer growth.
3. Capital expenditure includes amounts to purchase network infrastructure and in FY21F includes costs associated with the fibre optic network build. Refer to Section 4.7.8 for further detail on capital expenditure.
4. Principal lease repayments are included within financing cash flows as explained in Section 4.2.4.1.
5. Represents gross proceeds of the Offer of \$40 million (assuming the Maximum Subscription is achieved).
6. Relates to the capitalised costs attributable to the issue of New Shares under the Offer.

4.4.2. Pro forma adjustments to the Statutory Historical Statement of Cash Flows and the Statutory Forecast Statement of Cash Flows

Table 4.7 sets out the pro forma adjustments that have been made to the Statutory Historical Statement of Cash Flows and the Statutory Forecast Statement of Cash Flows. These adjustments are summarised and explained below.

Table 4.7: Pro forma adjustments to the Statutory Historical Statement of Cash Flows and Statutory Forecast Statement of Cash Flows

\$000	Notes	Historical			Forecast
		FY18	FY19	FY20	FY21F
Statutory net cash flow before dividends		223	224	20,945	12,765
Public company costs	1	(2,446)	(2,370)	(1,555)	(188)
Gross proceeds of the Offer	2	–	–	–	(40,000)
Issue of convertible note	3	–	–	(23,436)	–
Transaction costs	4	–	–	186	3,742
Executive IPO bonus	5	–	–	–	300
Pro forma adjustments		(2,446)	(2,370)	(24,805)	(36,146)
Pro forma net cash flow before dividends		(2,223)	(2,147)	(3,860)	(23,381)

Notes:

1. For more details on the cash portion of incremental public company costs, please see Note 5 to Table 4.4 (Section 4.3.3). The amount differs to that disclosed in Table 4.4 as a result of the non-cash LTI Plan costs.
2. Gross proceeds from the Offer represents gross proceeds from the issue of new Shares under the Offer (assuming the Maximum Subscription is achieved).
3. Cash inflows arising from the issue of the Convertible Notes in October 2019 net of associated transaction costs.
4. Transaction costs represents the gross transaction costs relating to the Offer, of which \$0.2 million was paid in FY20 with the remainder payable in FY21F.
5. Executive IPO bonus to be awarded upon listing of Aussie Broadband: see Note 4 to Table 4.4 (Section 4.3.3).

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4.4.3. Statutory Historical Statement of Cash Flows

Table 4.8 sets out Aussie Broadband's Statutory Historical Statement of Cash Flows.

Table 4.8: Statutory Historical Statement of Cash Flows

\$000	FY18	FY19	FY20
EBITDA	(156)	(2,373)	3,064
Non-cash expenses	–	39	203
Changes in working capital	1,806	4,133	4,803
Operating cash flow	1,650	1,799	8,069
Capital expenditure	(1,077)	(7,794)	(7,965)
Operating cash flow after capital expenditure	573	(5,995)	104
Financing cash flows			
Net proceeds/(repayments) of borrowings	(326)	7,078	23,955
Net interest paid	(24)	(860)	(1,176)
Principal lease repayments	–	–	(1,941)
Net cash flow before dividends and tax	223	224	20,945

4.5. Statement of financial position

4.5.1. Statutory and Pro Forma Historical Statement of Financial Position

Table 4.9 sets out the Statutory Historical Statement of Financial Position and the pro forma adjustments that have been made to prepare the Pro Forma Historical Statement of Financial Position of Aussie Broadband. These adjustments take into account the effect of the Offer proceeds, transaction costs and the conversion of the Convertible Notes into ordinary equity as if the IPO had occurred as at 30 June 2020. The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of Aussie Broadband's view of its financial position upon Completion or at a future date.

Table 4.9: Statutory and Pro Forma Historical Statement of Financial Position

\$'000	Notes	Statutory at 30 June 2020	Impact of offer (MIN)	Pro forma at 30 June 2020 (MIN)	Impact of offer (MAX)	Pro forma at 30 June 2020 (MAX)
Assets						
Current assets						
Cash and cash equivalents	1	21,435	26,760	48,194	36,115	57,549
Trade and other receivables		11,389	109	11,498	143	11,532
Inventories		1,692	–	1,692	–	1,692
Financial assets		1,947	–	1,947	–	1,947
Prepayments		590	–	590	–	590
Total current assets		37,053	26,869	63,922	36,258	73,311
Non-current assets						
Property, plant & equipment		5,408	–	5,408	–	5,408
Right-of-use assets		12,385	–	12,385	–	12,385
Intangibles		2,458	–	2,458	–	2,458
Financial assets		228	–	228	–	228
Total non-current assets		20,479	–	20,479	–	20,479
Total assets		57,532	26,869	84,401	36,258	93,789
Liabilities						
Current liabilities						
Trade and other payables		(16,115)	226	(15,889)	226	(15,889)
Contract liabilities		(10,764)	–	(10,764)	–	(10,764)
Borrowings	3	(27,238)	21,738	(5,500)	21,738	(5,500)
Derivative	3	(10,384)	10,384	–	10,384	–
Lease liabilities		(4,009)	–	(4,009)	–	(4,009)
Employee benefits		(1,970)	–	(1,970)	–	(1,970)
Total current liabilities		(70,480)	32,348	(38,131)	32,348	(38,131)
Non-current liabilities						
Lease liabilities		(7,541)	–	(7,541)	–	(7,541)
Employee benefits		(234)	–	(234)	–	(234)
Total non-current liabilities		(7,775)	–	(7,775)	–	(7,775)
Total liabilities		(78,255)	32,348	(45,907)	32,348	(45,907)
Total net assets/(liabilities)		(20,723)	59,217	38,494	68,606	47,883
Equity						
Issued capital	1,2,3	10,632	74,509	85,141	83,995	94,627
Accumulated losses	1,2,3	(31,355)	(15,291)	(46,646)	(15,389)	(46,744)
Total equity		(20,723)	59,217	38,494	68,606	47,883

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Notes:

1. The pro forma cash and cash equivalents adjustment relates to the impact of the Offer, being cash proceeds net of the estimated transaction costs. Under the Minimum Subscription this equates to cash proceeds of \$30 million net of transaction costs and associated GST still to be paid in FY21 of \$3.2 million. Under the Maximum Subscription this equates to cash proceeds of \$40 million net of transaction costs and associated GST of \$3.9 million. \$0.2 million of transaction costs were paid in FY20.
2. Under the Minimum Subscription, the net increase to equity of \$59.2 million includes the \$28.6 million from the Offer (net of transaction costs). The pro forma statement of financial position recognises costs associated with the Offer of \$1.0 million within accumulated losses of which \$1.2 million relates to costs incurred in FY21 (net of a reallocation of a portion of FY20 costs from accumulated losses to share capital). The remainder of the transaction costs are offset against issued capital based on those Offer costs eligible to be capitalised. Under the Maximum Subscription, the net increase to equity of \$68.6 million includes the \$38.1 million from the Offer (net of transaction costs). The pro forma statement of financial position recognises costs associated with the Offer of \$1.1 million within accumulated losses, of which \$1.3 million relates to costs incurred in FY21 (net of a reallocation of a portion of FY20 costs from accumulated losses to share capital). The remainder of the transaction costs are offset against issued capital based on those Offer costs eligible to be capitalised.
3. On IPO, the Convertible Notes will be converted to \$45.9 million of ordinary equity. The borrowings of \$21.7 million associated with the Convertible Notes are discharged along with the related \$10.4 million embedded derivative. The difference between the equity value and the carrying value of the Convertible Notes and embedded derivative liabilities relates to the impact of the associated discount on the Offer Price of \$13.8 million.

4.5.2. Liquidity and capital resources

Following Completion, Aussie Broadband's principal sources of funds are expected to be cash on hand and operating cash flows. Net cash raised from the Offer will be used to fund working capital and marketing activities, deployment of the Fibre Optic network and to pay for costs associated with the Offer. Historical and forecast capital expenditure and working capital trends are discussed in Sections 4.7.8 and 4.7.9. Following Completion, Aussie Broadband expects that it will have sufficient cash to meet its operational and working capital requirements and stated business objectives during the Forecast Period.

4.5.3. Indebtedness

Table 4.10 sets out the pro forma indebtedness of Aussie Broadband derived from the Statutory Historical Statement of Financial Position. The pro forma adjustments reflect the intended capital structure following Completion of the Offer as if it had occurred on 30 June 2020.

The pro forma indebtedness as at 30 June 2020 does not reflect the change in cash position between 30 June 2020 and Completion, which will occur as a result of various anticipated cash generation and other cash requirements of the business over this period.

Table 4.10: Pro Forma Indebtedness

\$000	Notes	Statutory at 30 June 2020 (pre-Completion)	Pro forma adjustment for Completion (MIN)	Pro forma at 30 June 2020 (post Completion) (MIN)	Pro forma adjustment for Completion (MAX)	Pro forma at 30 June 2020 (post Completion) (MAX)
Cash and cash equivalents	1	21,435	26,760	48,194	36,115	57,549
Short term debt						
Current loans and borrowings		(27,238)	21,738	(5,500)	21,738	(5,500)
Derivative		(10,384)	10,384	–	10,384	–
Current lease liabilities		(4,009)	–	(4,009)	–	(4,009)
Long term debt						
Non-current lease liabilities		(7,541)	–	(7,541)	–	(7,541)
Net cash/(debt)	1	(27,737)	58,882	31,145	68,237	40,500

Notes:

1. Net cash raised from the Offer of \$26.8 million under the Minimum Subscription and \$36.1 million on the Maximum Subscription will be applied as outlined in Section 7.1.4. Upon Completion of the Offer, the Company will have an expected net cash position of \$31.1 million under Minimum Subscription and \$40.5 million on the Maximum Subscription. Refer to Pro Forma Historical Statement of Financial Information for further details (refer to Table 4.9).

4.5.4. Commitments and contingencies as of 30 June 2020

Table 4.11 summarises Aussie Broadband's contractual obligations and commitments (following Completion of the Offer).

Table 4.11: Contractual obligations and commitments

\$000	2020
Property, plant and equipment	5,392
Total committed spend	5,392

Capital commitments relate to contractual commitments associated with upgrades to network infrastructure and the development of the fibre optic network.

The Group also has one lease contract that has not yet commenced as at 30 June 2020. The future lease payments for this non-cancellable lease contract is \$56,000 within one year, \$306,231 within the next five years and \$355,006 thereafter.

Aussie Broadband has no material contingent liabilities or other off-balance sheet arrangements as at 30 June 2020 other than those described above.

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4.6. Forecast Financial Information

The Forecast Financial Information is based on various specific and general assumptions, including those set out in this Section 4.6. In preparing the Forecast Financial Information, Aussie Broadband has undertaken an analysis of historical performance and applied assumptions where appropriate in order to forecast future performance for FY21F. The Directors believe that Aussie Broadband has prepared the Forecast Financial Information with due care and attention and considers all assumptions when taken as a whole to be reasonable at the time of preparing the Prospectus. However, actual results are likely to vary from those forecast and any variation may be materially positive or negative.

The assumptions upon which the Forecast Financial Information is based are, by their nature, subject to significant uncertainties and contingencies, many of which are outside the control of the Aussie Broadband, and its respective Directors and management, and are not reliably predictable. Accordingly, none of Aussie Broadband, or its respective Directors or any other person can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.8, the risk factors set out in Section 5 and the Independent Limited Assurance Report on the Forecast Financial Information set out in Section 8. A reconciliation of the Pro Forma Forecast Income Statement to the Statutory Forecast Income Statement is set out in Section 4.3.1.

4.6.1. General assumptions

In preparing the Forecast Financial Information, the Directors have adopted the following general assumptions:

- no material change in the competitive environment in which Aussie Broadband operates;
- no significant deviation from current market expectations of economic conditions relevant to the industry in which Aussie Broadband operates, including business confidence, consumer sentiment, economic growth, inflation, fiscal and taxation policies in Australia;
- no significant interruptions, industry disturbances or disruptions in relation to Aussie Broadband's key suppliers or operations;
- no material changes or amendments to any material agreement or arrangement relating to Aussie Broadband's business;
- no material industrial actions or other disturbances, litigation legal claims or environmental costs;
- no material changes in key personnel, including key management personnel, and Aussie Broadband is able to continue to recruit and retain personnel which will be required to support future growth of Aussie Broadband;
- no material changes in Aussie Broadband's business, including acquisitions, strategic partnerships, disposals, restructurings or investments or change in Aussie Broadband's corporate or funding structure, other than as contemplated by this Prospectus;
- the Offer proceeds in accordance with the Timetable set out in the Key dates section of this Prospectus;
- No material change in applicable AAS, the Corporations Act or other mandatory professional reporting requirements, which have a material effect on Aussie Broadband's financial performance or cash flows or financial position or accounting policies or financial reporting disclosures other than those set out in Section 4;
- no material changes in government regulation and policy that impacts Aussie Broadband; and
- none of the key risks listed in Section 5 occur, if they do, none of them has a material adverse impact on Aussie Broadband's operations, financial position or performance.

4.6.2. Specific assumptions

The Forecast Financial Information is based on various best estimate assumptions, including those set out below. In preparing the Forecast Financial Information, Aussie Broadband has analysed historical performance including the current rates of revenue, expenses and active connections and applied assumptions, where appropriate, across the business.

It is difficult to differentiate the impact of the COVID-19 pandemic on Aussie Broadband's trading performance in FY20 and year-to-date FY21F, specifically the impact on growth in connections experienced from the date of the initial lockdown/stay at home instructions in Australia. For example, growth in connections has historically demonstrated correlation with marketing and promotion spend yet, in April 2020, growth in connections exceeded the increase in marketing spend. In recent months, growth in connections has more closely aligned to marketing spend (as was the case prior to the COVID-19 pandemic related lockdowns).

It is unclear if current behaviours and restrictions that may impact a customer's purchasing decisions on Aussie Broadband's services will be maintained when the COVID-19 pandemic subsides. Aussie Broadband has made its assessment based on its best estimate of the likely outcome. Details of the impact of the COVID-19 pandemic on Aussie Broadband are set out in Section 3.4.4 and the general and specific assumptions as set out in Sections 4.6.1 and 4.6.2 respectively.

Aussie Broadband has not been a beneficiary of 'JobKeeper' or any other Federal Government stimulus/support and the forecast assumes no support through FY21F from the Federal Government (refer to Section 2.4.2.6 for detail on support provided by NBN Co).

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.8, the risk factors set out in Section 5, the Independent Limited Assurance Report set out in Section 8 and other information contained in this Prospectus.

4.6.2.1. Revenue assumptions

FY21F forecast Residential revenue is based on the following key assumptions:

- New customer acquisition: the average number of new Residential connections is 16,383 per month, in line with the average of February, March, May and June 2020 (excludes April 2020, which was impacted by the COVID-19 pandemic). New connections are assumed to be 35.5%/64.5% split between first time connections to NBN and transfers from other NBN resellers. New to NBN connections are assumed to be in line with FY20 levels. The revenue profile of first time connections to NBN compared to transfers from other NBN resellers is largely the same. However, transfers from other NBN resellers may already have a modem/router (and not purchase one from Aussie Broadband on sign-up).
- Customer Churn: average Residential customer base churn of 1.65% per month, in line with the average for the period from January 2020 to July 2020. Aussie Broadband has also factored in increased churn in periods where targeted price increases will be implemented on specific plans and when migrating existing customers from legacy plans to current plans.
- ARPU: FY21F average ARPU of \$76.43, an increase of \$0.92 from June 2020 actual levels. The increase in ARPU in FY21F is forecast based on new connections being weighted towards faster speed, higher priced plans (and therefore, higher ARPU). In addition, FY21F ARPU assumptions include a price increase on specific plans in November 2020 (for current customers to bring in line with current pricing) plus a rationalisation of legacy plans, with customers transferring to current plans.

Business revenue in FY21F assumes:

- growth in the number of small and medium sized business connections from 15,285 at June 2020 to an average of 18,978 in FY21F and 22,795 by June 2021. New business customer growth is assumed to benefit from increased marketing spend (including increased specific business advertisements) and launch of the Carbon Portal (refer below);
- average revenue per connection is based on June 2020 levels, with allowances made for increased connections on lower priced products;

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- launch of the Carbon Portal late in FY20, generating incremental revenue from corporate clients and MSPs. Growth assumptions are based on customers signed up to date and a continuation of recent new sales trends; and
- continuation of recent growth rates in the Enterprise Ethernet product.

The FY21F forecast assumes there is no significant change in sales prices and unit costs of routers and other hardware devices. Volumes are assumed to be marginally higher than FY20, owing to the increased volume in new customers (albeit the forecast allows for a reduction in hardware sales per new connection, reflecting an assumption that an increasing proportion of new customers are conversions from other NBN providers and, therefore, may already have the necessary hardware).

4.6.2.2. Expense assumptions

The key assumptions underpinning Aussie Broadband's FY21F expense forecasts are:

- Network and hardware expenses:
 - NBN related costs (AVC and CVC) continue to increase in line with growth in connections based on NBN pricing schedules and the forecast customer plan mix (NBN published prices remain current until May 2021). The FY21F forecast assumes the COVID-19 pandemic related CVC cap provided by NBN to resellers ceases in November 2020 (refer to Section 2.4.2.6 for further detail on the relevant COVID-19 pandemic support provided by NBN). The forecast does not include any assumed benefit from further support should NBN further extend this program.
 - Backhaul and other network links are forecast based on:
 - › The current network and incremental capacity required as a result of the growth in connections.
 - › An allowance for month-on-month bandwidth increases of 1.8% (based on historical trends relating to data consumption and growth).
 - › The forecast assumes Aussie Broadband is able to optimise its Backhaul network and utilise existing capacity, in part, to fulfil bandwidth requirements from incremental connections. Once existing capacity is forecast to be fully utilised, the cost of incremental links are factored into the forecast.
 - › Incremental spend associated with regulatory requirements (eg the Telecommunications Industry Levy) incurred for the first time are included in the forecast (due to Aussie Broadband exceeding minimum eligible revenue).
- Employee expenses are assumed to scale with the business, as Aussie Broadband seeks to maintain current customer service and sales service levels. Average headcount in FY21F is forecast to increase to 507 compared to 310 in FY20.
- Marketing expenditure: the forecast assumes an increase in marketing spend as Aussie Broadband seeks to further grow its customer base (both Residential and Business) and increase the volume of new customers joining Aussie Broadband from other NBN resellers. The marketing expenditure includes an expanded TV advertising campaign, increased online presence and targeted mail drops above historical levels. Marketing and promotions expenditure is expected to increase by 35% per new connection in FY21F compared to FY20. Promotions expenditure is presented netted off against revenue in the Historical and Forecast Financial Information.
- Administration and other expenses: assumed to grow largely in line with revenue.
- Incremental public company costs are reflected in employee expenses and administration and other expenses.
- Offer costs have been assumed under the Maximum Subscription scenario as follows: \$3.5 million of costs are incurred, of which, \$2.2 million are directly attributable to the issue of New Shares by the Company and are offset against equity raised in the Offer. The remaining \$1.3 million relates to the public listing of existing Shares by existing Shareholders and is expensed in the Statutory Forecast Financial Information. The Pro Forma Forecast Financial Information excludes these costs.

4.6.2.3. Depreciation

Aussie Broadband has forecast depreciation based on the current asset profile, adjusted for forecast capital expenditure. Depreciation expense also includes the charges associated with the right of use assets under AASB16.

Amortisation expense has been forecast on the carrying value of capitalised software plus incremental additions throughout the FY21F forecast.

4.6.2.4. Net finance income/cost and tax expense

Interest expenses includes interest expense on the debt facility until it is repaid in February 2021.

Interest expense also includes the interest charges applicable under AASB16.

Aussie Broadband has \$2.7 million of tax-effected carried forward tax losses from FY20, and as such intends to utilise these losses to offset taxable income in FY21F (both statutory and pro forma forecasts). The recoverability of tax losses from earlier periods will be assessed in FY21F, and may result in utilisation of losses from previous financial years beyond FY21F.

4.6.2.5. Changes in working capital

Changes in working capital reflect the movements in trade and other receivables, prepayments and inventories less trade and other payables, revenue received in advance and employee entitlements.

The FY21F forecast assumes that FY20 working capital metrics (based on days outstanding for the relevant working capital item) will be maintained in FY21F. This approach takes into account the projected growth of the business and implies that cash continues to be collected in line with historical customer billing and collection experience and trade and other payables continue to be paid in arrears in accordance with current payment terms to suppliers.

4.6.2.6. Capital expenditure

The capital expenditure forecast assumes:

- incremental network infrastructure can be acquired at similar prices to that experienced during FY20; and
- the first 62 stages of the Aussie Broadband fibre optic network are constructed. The underpinning assumptions are based on current designs, price lists and production plans and include a cost contingency, as is market practice with large-scale projects.

4.6.2.7. Net proceeds/(repayments) of borrowings

Reflects the expiration of the external debt facility in February 2021 and the associated payment of outstanding amounts owing at this date together with the provision and repayment of lease finance facilities.

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4.7. Management discussion and analysis

This Section 4.7 is a discussion of the key factors that affected Aussie Broadband's operations and relative financial performance over FY18, FY19, FY20 and a discussion of key factors and assumptions that Aussie Broadband expects may continue to affect Aussie Broadband during the period of the Forecast Financial Information for FY21F.

The discussion of these general factors is intended to provide a summary only and does not detail all factors that affected Aussie Broadband's historical operating and financial performance, or everything that may affect Aussie Broadband's operations and financial performance in the future.

This discussion is based on the Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information. Investors should refer to Section 4.3.2 for key operating metrics.

The information in this Section 4.7 should be read in conjunction with the basis of preparation of the Forecast Financial Information in Section 4.2.3, which in particular refers to key forecast assumptions set out in Section 4.6, the risk factors set out in Section 5 and other information contained in this Prospectus.

4.7.1. Revenue

As discussed in Section 3.4, Aussie Broadband primarily derives its revenue through the:

- sale of NBN services and other non-NBN services (such as Fetch TV, VOIP, mobile phone plans) to Residential customers (77.8% and 4.1% of FY20 revenue respectively);
- sale of NBN services and other communication mediums (such as VOIP, mobile phones etc) to Business (small, medium and enterprise) (12.6% of FY20 revenue); and
- sale of hardware (such as routers/modems) (5.5% of FY20 revenue).

For provision of NBN services, Aussie Broadband charges a monthly fee according to a published price list. Aussie Broadband provides Residential services under a "no lock in contract", where customers are free to change their NBN service (or choose an alternate provider) at any point (no minimum commitment to Aussie Broadband).

Business customers may enter into a contract for a period of time and a specific plan, depending on the service provided.

Aussie Broadband's NBN services revenue is driven by a number of factors as discussed in Sections 2.4.1 and 2.4.2 of this Prospectus. These include:

- the average number of connections, including growth from new customers net of customer churn; and
- the average price paid per connection (or ARPU). Higher ARPU plans represent faster speeds and are "Unlimited" download plans.

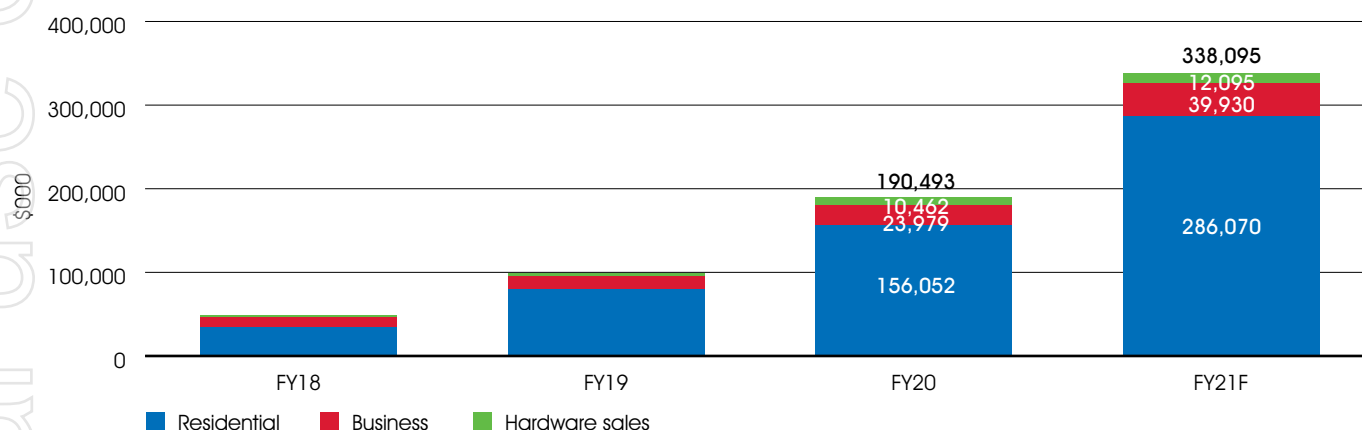
Hardware revenue is determined by the number of units sold and the average price per unit.

Aussie Broadband's accounting policy is to recognise NBN services revenue evenly over the billing period, that is, revenue is apportioned based on the number of days from the current invoice until the next scheduled billing date.

Hardware revenue is recognised at the time the goods have been delivered.

Figure 4.1 below sets out Aussie Broadband's Pro Forma Historical and Pro Forma Forecast revenue between FY18 and FY21F.

Figure 4.1: Revenue by channel and type – FY18 to FY21F



Note: Residential and Business revenue is shown exclusive of hardware sales to demonstrate the underlying customer base of the Company.

Aussie Broadband's revenue is forecast to increase from \$49.3 million in FY18 to \$338.1 million in FY21F, reflecting a CAGR of 90.0%. Over this time, Residential revenue increases from \$33.8 million in FY18 to \$286.1 million in FY21F, reflecting a CAGR of 103.7%. Business revenue increases from \$12.2 million in FY18 to \$39.9 million in FY21F reflecting a CAGR of 48.3%.

In summary, revenue growth between FY18 and FY21F is a result of:

- a year-on-year increase in connections, with Aussie Broadband adding 308,491 new Residential connections (net of churn) over this time;
- an increase in Residential ARPU is predominantly driven by a year-on-year change in plan mix trending towards the higher speed, higher priced plans. This consumer trend is supported by published ACCC market data in Section 2.5.3.1. Unlimited data download plans were first introduced by the Company in April 2018;
- growth in hardware sales linked to new connections. The percentage of Residential NBN customers purchasing a router is forecast to decrease from 40.4% in FY20 to 37.6% in FY21F driven by the transition to a greater proportion of "churn-in" customers from other NBN resellers versus "new to NBN customers". It is expected that some "churn-in" customers will already have the necessary hardware; and
- business growth through FY20 driven by success in tenders and marketing activity and FY21 growth fuelled by the continued roll out of existing contracts, additional marketing and opportunities in the managed services market utilising the new Carbon Portal.

These factors are discussed further in Sections 4.7.1.1, 4.7.1.2 and 4.7.1.3.

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4.7.1.1. Residential revenue

Figures 4.2, 4.3 and 4.4 below set out Aussie Broadband's Pro Forma Historical and Forecast Residential customer revenue, customer base levels and ARPU.

Figure 4.2: Residential revenue split by NBN vs other services – FY18 to FY21F

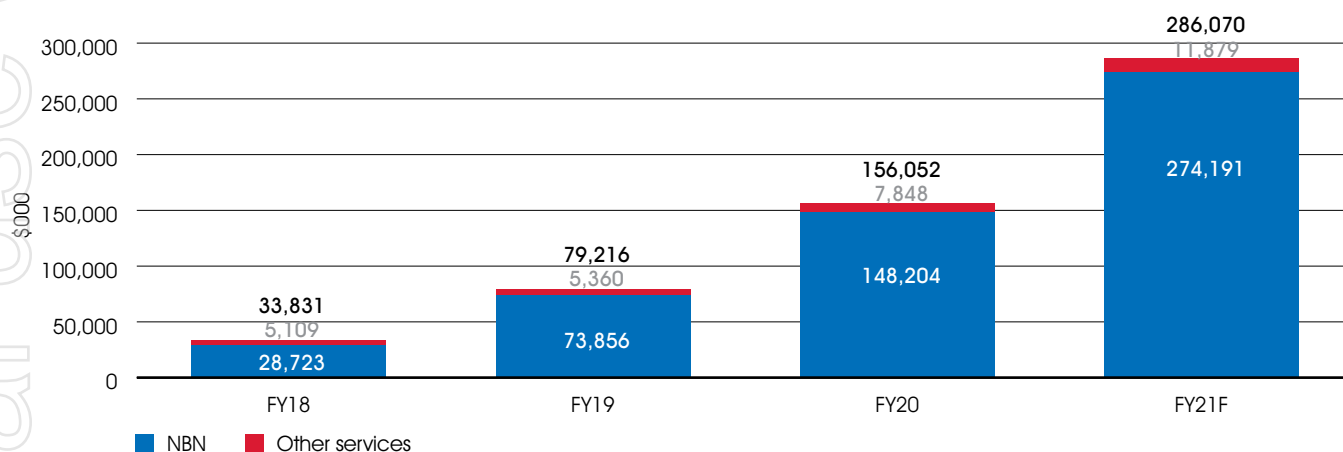


Figure 4.3: Residential period end and average NBN connections – FY18 to FY21F

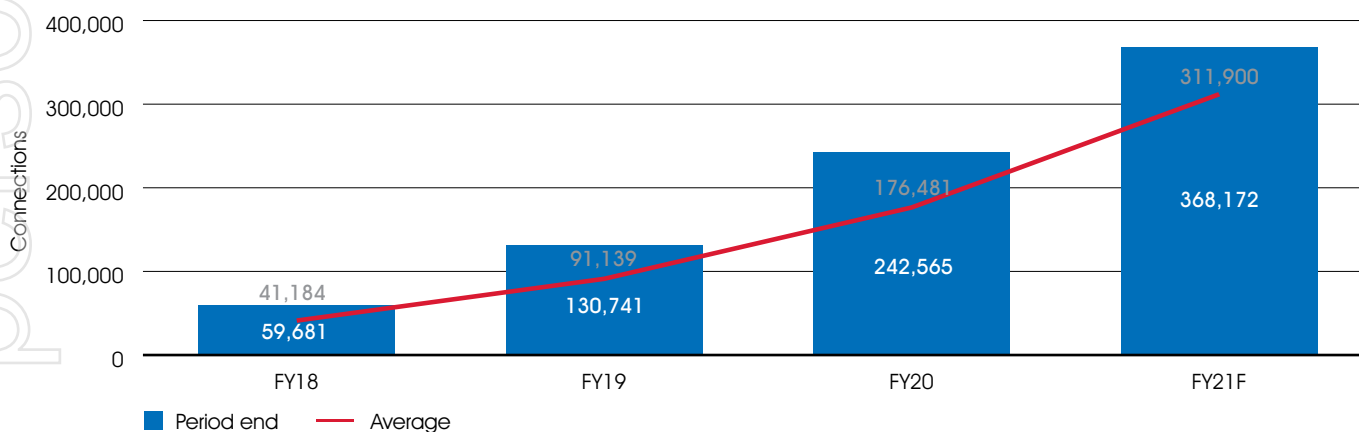
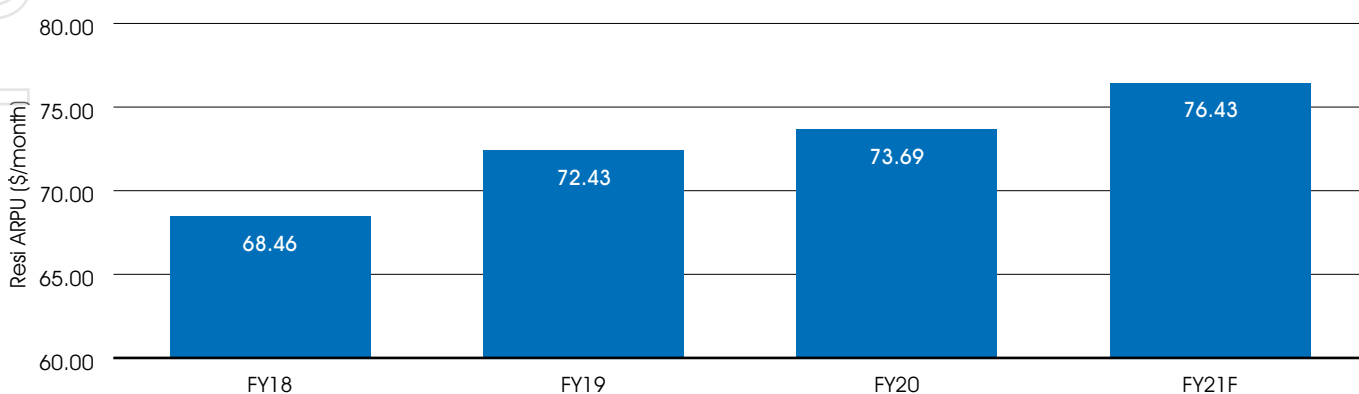


Figure 4.4: Residential ARPU – FY18 to FY21F



Residential NBN services revenue increased to \$148.2 million in FY20, representing a 127.2% CAGR from FY18. The FY21F forecast assumes NBN services revenue of \$274.2 million, representing 85.0% growth from FY20.

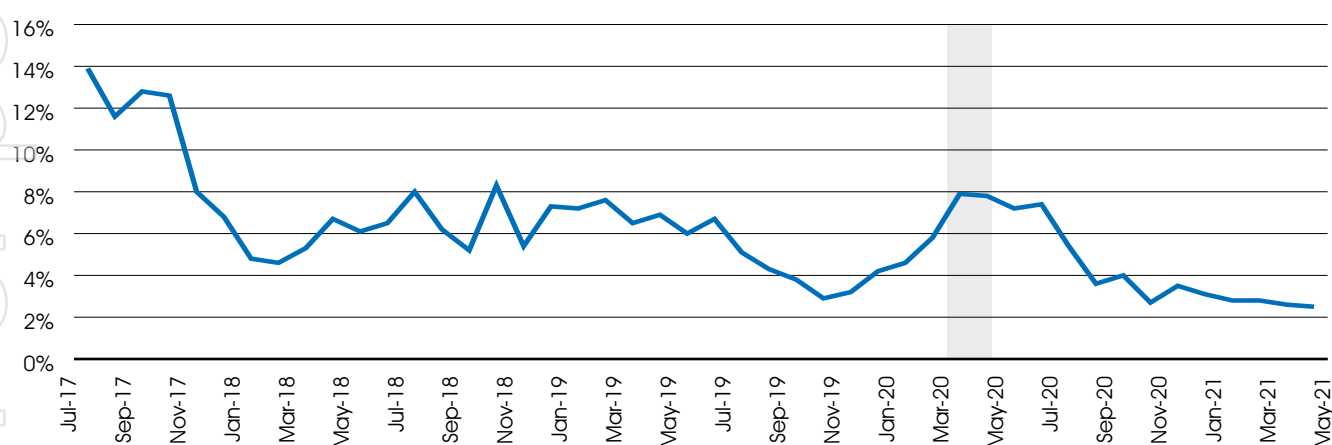
Key drivers of performance over FY18 to FY20 include:

- average Residential connection numbers increasing by 107.0% CAGR from FY18 to FY20, from an average of 41,184 in FY18 to 176,481 in FY20. In July 2017, opening connections were 22,511, which increased to 242,565 by June 2020. Growth in connections has been supported by increased marketing spend and promotions over this period, refer to Section 3.4.2.1 for further detail and average churn of 1.67% over the period; and
- average revenue per Residential connection increasing from \$68.46 in FY18 to \$73.69 in FY20. The increase in ARPU has been supported by Aussie Broadband introducing “Unlimited” data plans in April 2018 and a trend of customers’ preference towards higher priced, higher speed plans (such as the 50Mbps and 100Mbps download speed plans).

As the COVID-19 pandemic resulted in a large number of Australian workers transitioning to working from home arrangements, there was increased demand for NBN services. Following Australia’s first Stage 3 COVID-19 lockdown in late March 2020, Aussie Broadband signed on 18,737 new connections in April 2020 which represented 54.9% above the average for the prior three months. In April 2020, marketing spend (including promotions) increased to approximately \$1.9 million (compared to the average over the prior three months of \$1.3 million). Over May to June 2020, Aussie Broadband further increased marketing spend to \$2.4 million per month and was able to maintain the number of new connections above April 2020 levels. Aussie Broadband believes that the number of new connections acquired in May and June 2020 is a reflection of increased investment in marketing spend rather than being solely related to the COVID-19 pandemic. Over this period, the rate of new connection wins correlated closely with marketing spend levels (consistent with trends experienced prior to April 2020).

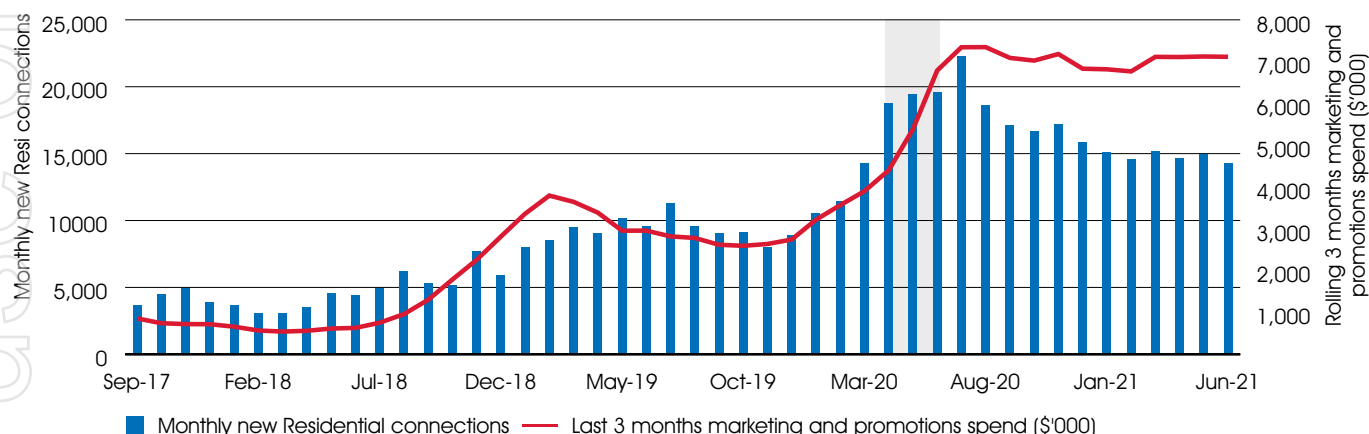
Figure 4.5 below demonstrates the impact of the COVID-19 pandemic and transition to working from home on the April 2020 new customer growth rate. Figure 4.6 shows the trend in new connections added relative to marketing spend.

Figure 4.5: Month-on-month connection growth rates (percentage growth in month end connections)



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Figure 4.6: Monthly new connections relative to trailing three month marketing and advertising spend and promotions (accounted for within revenue)



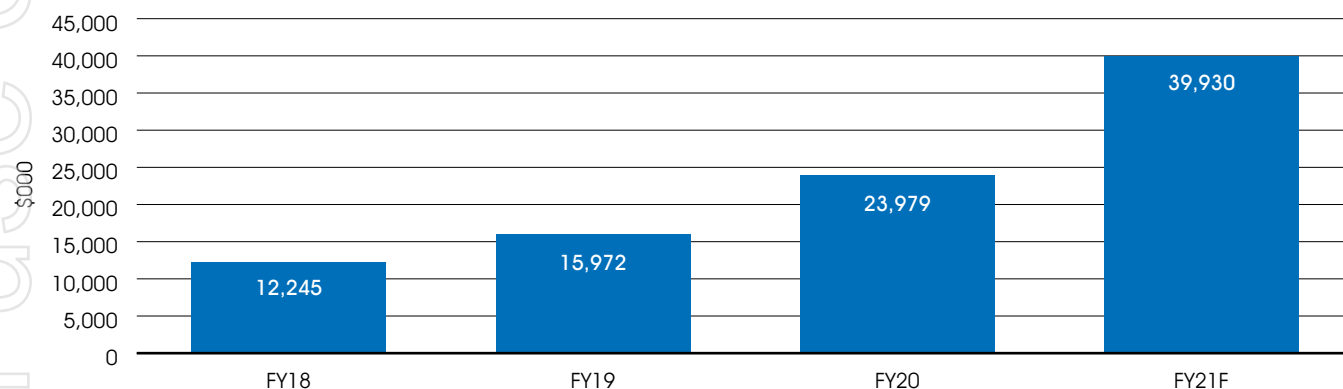
Aussie Broadband has forecast Residential NBN services revenue of \$274.2 million in FY21F, representing 85.0% growth from FY20 levels. The key drivers of this include:

- a full year of revenue (before churn effects) from new connections acquired from July 2019 to July 2020 (approximately \$61 million);
- an increase of approximately 197,000 connections, based on the assumption that increased marketing spend drives higher customer wins compared to prior periods. Whilst customer wins are above levels achieved prior to February 2020, they are below levels achieved from April to June 2020, notwithstanding that marketing spend is projected to remain at the same levels. The forecast marketing spend is based on a change in mix of new customers towards those won from competitors versus new to NBN customers. As a result, it is anticipated that a higher marketing spend per new customer will be required;
- connections churn of 1.65% per month, which is in line with the average for the period from February 2020 to July 2020. In addition, higher churn is assumed during September 2020, October 2020 and November 2020 to allow for a loss of some customers post the notification of a planned price increase on the 100/40 and 100/20 plans in September 2020 and transition of some customers from legacy plans to current plans (bringing these legacy customers onto the same pricing as new customers). The price increase will be implemented on 1 November 2020; and
- ARPU increasing by \$2.74 reflecting the mix of new customers being on faster speed plans and a migration of customers from lower priced legacy plans to the current product list and the aforementioned price increase on the 100/40 and 100/20 plans.

4.7.1.2. Business NBN services revenue

Figure 4.7 below sets out the Business channel's NBN services revenue over the FY18 to FY21F periods.

Figure 4.7: Business revenue – FY18 to FY21F



Aussie Broadband has recently developed the Carbon Portal (refer to Section 3.5.2.2) for its business customers to further drive revenue growth in this segment.

Business NBN services revenue increased by \$11.7 million over FY18 to FY20, largely connected with new customers. In this time, customer concentration has remained low, with no individual customer generating in excess of 11.9% (FY18) of Business revenue in that year. In FY20, the largest individual customer represented 2.3% of Business revenue.

The forecast assumes further growth of \$16.0 million, which is connected with:

- the Business channel benefitting from increased marketing spend across the business; and
- the launch of the Carbon Portal, which Aussie Broadband expects will attract additional customers.

FY21F forecast revenue growth rates are in line with current levels achieved in the business over the six month period to June 2020. Recent customer wins include a large financial institution and a major MSP joining the Carbon Portal.

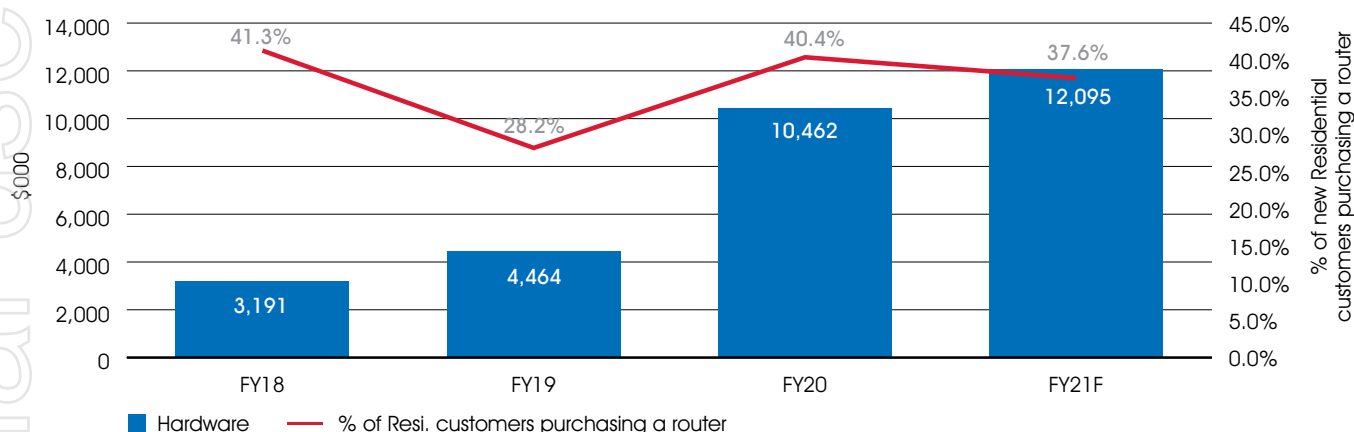
The COVID-19 pandemic has caused delays in the sales cycle of some business customers. However, for other business customers, it has accelerated sales. A number of business customers are upgrading office connectivity and associated bandwidth to enable their workforce to work more efficiently from home.

4 Financial Information

4.7.1.3. Hardware revenue

Figure 4.8 below sets out hardware revenue and percentage of new Residential customers purchasing a router over the FY18 to FY21F period.

Figure 4.8: Hardware revenue and percentage of new Residential customers purchasing a router (excluding free router promotions) – FY18 to FY21F



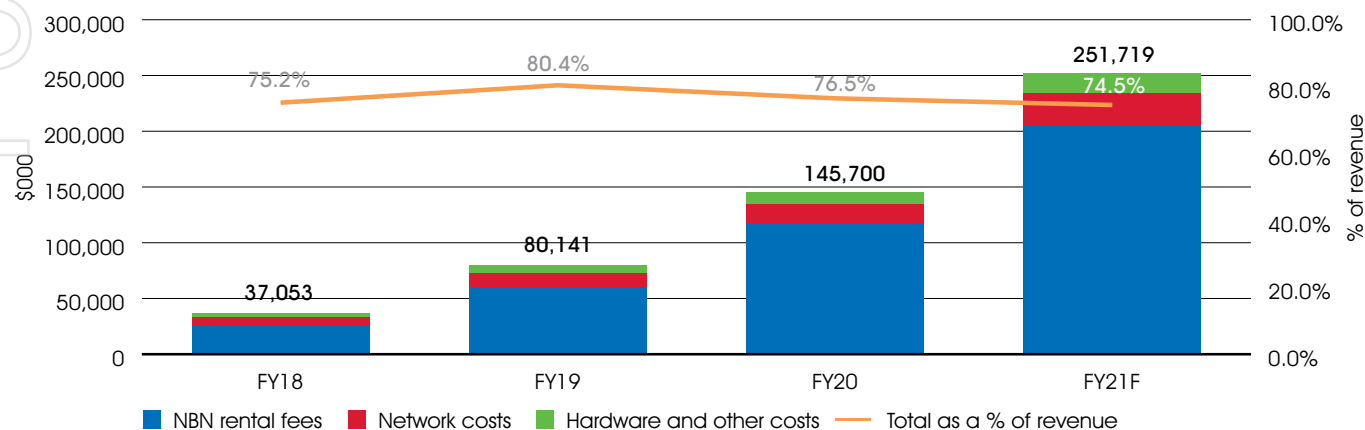
Hardware revenue has increased by 81.1% CAGR over the FY18 to FY20 period, increasing from \$3.2 million to \$10.5 million. The FY21F forecast assumes growth of \$1.6 million to \$12.1 million (15.6% growth from FY20).

Hardware revenue growth has predominantly been linked with new Residential customers who are more likely to purchase new equipment when joining Aussie Broadband. Revenue per new connection has fluctuated due to the mix of hardware sold and also a promotion in FY19 where some new customers received a router for free on sign-up. The forecast allows for a reduction in the percentage of Residential customers purchasing a router, reflecting an assumption that an increasing proportion of new customers are conversions from other NBN providers (and already having the necessary hardware).

4.7.2. Network and hardware expenses

Figure 4.9 below sets out network and hardware expenses relative to revenue and also the key components of this cost.

Figure 4.9: Network and hardware expenses breakdown – FY18 to FY21F



Network and hardware expenses primarily consists of network access charges from the NBN and other infrastructure providers that enable the Aussie Broadband network to operate.

NBN rental fees are comprised of AVC and CVC (incremental bandwidth) charges. AVC is a fixed amount charged by NBN based on each customer's plan. Each customer plan cost also includes a bandwidth (CVC) allowance.

As part of Aussie Broadband's strategy to be a premium internet provider, delivering agreed plan speeds consistently, Aussie Broadband also purchases additional CVC over and above the standard plan inclusions in order to maintain network performance (allowing sufficient bandwidth and associated speed for all users including at peak usage times). These costs are variable and assumed to be in line with growth in connections and utilisation.

Network expenses include backhaul and other links (eg interstate and international). Costs are 'stepped', whereby there is incremental cost when the bandwidth of a specified link is exceeded, requiring incremental capacity to be acquired.

Other costs include hardware expenses and other charges (such as fees for mobile customers, Fetch TV subscription fees etc). These costs are largely variable in nature.

As outlined in Figure 4.9, network and hardware expenses relative to revenue have fluctuated over the period, from 75.2% in FY18, 80.4% in FY19, 76.5% in FY20 and 74.5% in FY21F.

Key drivers of year-on-year movements in network and hardware expenses relative to revenue include:

- the increase in costs as a percentage of revenue from FY18 to FY19 is primarily due to the increased contribution of NBN services relative to other revenue streams (including hardware sales etc);
- the reduction from FY19 (80.4%) to FY20 (76.5%) is due to Aussie Broadband achieving the scale benefits of a larger volume of connections to utilise its backhaul network capacity. These costs are stepped, in that incremental capacity is purchased once demand exceeds the current network's capacity (ie these costs are semi-variable in nature);
- with the transition towards working from home for many Australians during March/April 2020, NBN recognised the incremental network demand would require resellers to purchase overage/incremental CVC capacity to maintain service levels. To assist resellers, NBN provided a cap on CVC charges at February 2020 levels initially for a period of five months (from mid-March 2020 to mid-August 2020). This has since been extended to November 2020; and
- network and hardware expenses are forecast to be 74.5% of revenue in FY21F, down from 76.5% in FY20. This is attributed to Aussie Broadband's ability to manage growth in connections through existing network infrastructure, without incurring incremental costs at the same rate as those in FY20.

4 Financial Information

4.7.3. Employee expenses

Figures 4.10 and 4.11 below set out the employee expenses and employee expenses as a percentage of revenue in each of the FY18 to FY21F periods as well as the Company's employee headcount.

Figure 4.10: Employee expenses and employee expenses as a percentage of revenue – FY18 to FY21F

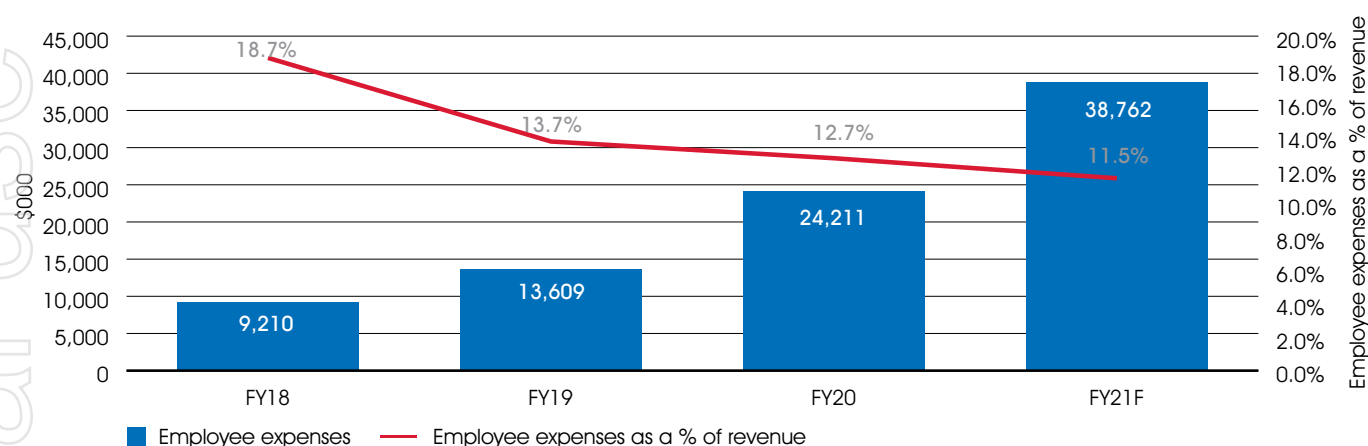
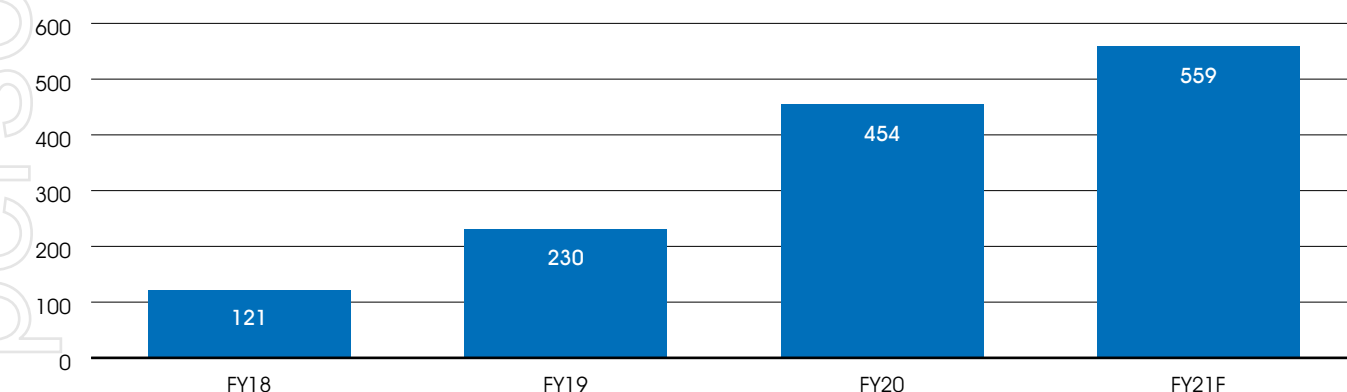


Figure 4.11: Period end headcount – FY18 to FY21F



Employee expenses are forecast to represent 11.5% of revenue in FY21F compared to 12.7% in FY20.

Employee expenses have increased each year, primarily due to increased headcount as Aussie Broadband recruits sales and support staff to service the growing customer base. Cost per head has increased over the historical period due to increase in management level staff and general pay increases.

To maintain service levels in light of growth in connections over FY21F, the forecast assumes current staff to connection ratios continue and a further 105 heads are recruited in line with growth in connections.

In addition to hiring direct staff, Aussie Broadband has increased capacity in a number of other areas including finance, corporate and team members to support the design and build of the Company's fibre optic network and preparing for becoming a publicly listed company.

4.7.4. Marketing and sales costs

Figures 4.12 and 4.13 below show the composition of marketing and sales spend by format and marketing and sales as a percentage of revenue in each of the FY18 to FY21F periods.

Figure 4.12: Marketing spend by format – FY18 to FY21F

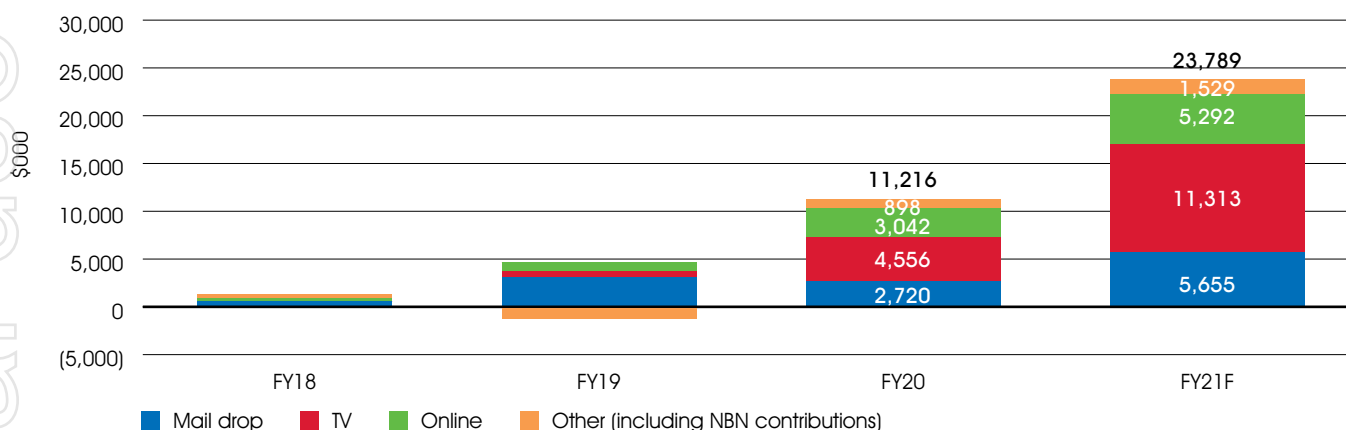
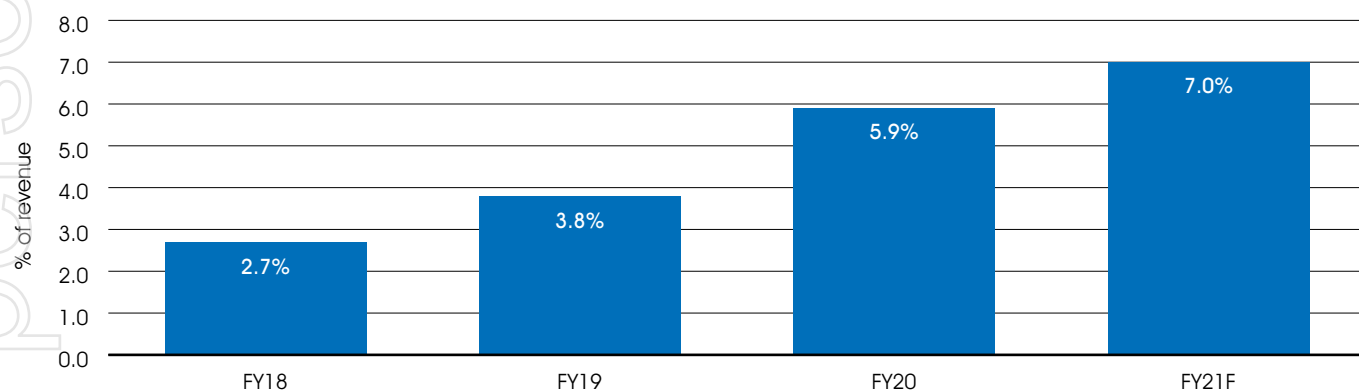


Figure 4.13: Marketing spend relative to revenue – FY18 to FY21F



Over the FY18 to FY20 periods, Aussie Broadband has increased its marketing spend year-on-year, including a shift towards higher cost but more wide-reaching forms of marketing such as TV and online media. Marketing spend has been focussed on:

- during FY18, mainly towards mail drops targeted at new areas where the NBN was being connected;
- during FY19, a continuation of the targeted advertising to new NBN areas, however increased spend across online and TV channels;
- during FY20, on further penetration into TV and online advertising, resulting in an increase in the cost per new connection. These mediums are expected to reach a wider audience than other methods previously utilised (such as mail outs); and
- over the historical period, in accordance with NBN's marketing development framework which provides resellers with incentives for approved marketing initiatives, Aussie Broadband has received marketing contributions from NBN to partially offset the cost of these initiatives.

4 Financial Information

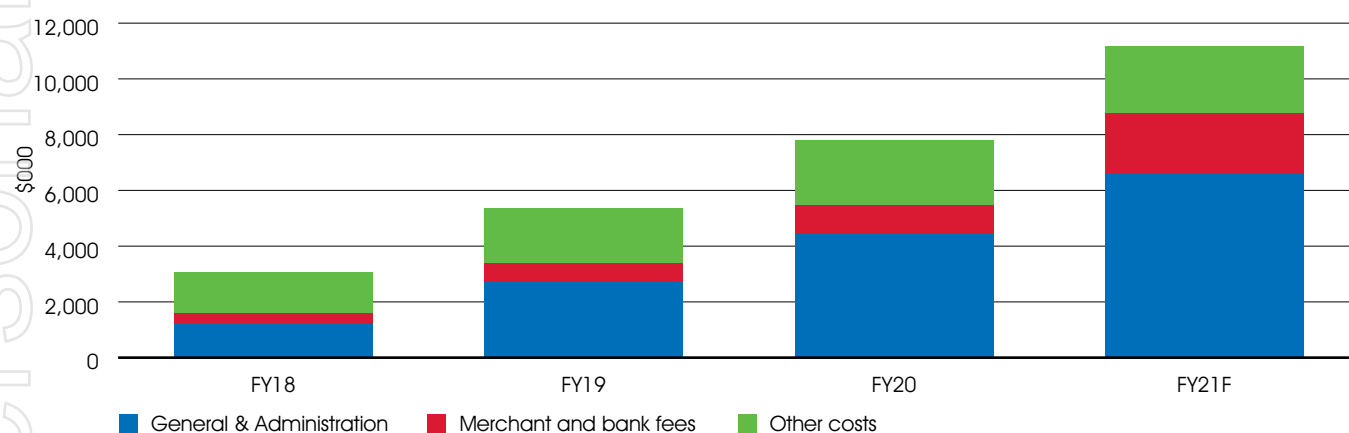
To drive growth in connections, the FY21F forecast assumes marketing spend increases to 7.0% of revenue compared to 5.9% in FY20, including:

- continued penetration into TV, increasing frequency of adverts;
- targeted mail drops in select areas identified by Aussie Broadband as having potential capacity;
- increased usage of online advertising, including AdWords and targeted advertising; and
- at the time of preparing the forecast, Aussie Broadband had not been identified or notified of any incentive programs that met their internal marketing criteria. Hence, no NBN incentive arrangements are included in the forecast.

4.7.5. Administration and other expenses

Figure 4.14 sets out administration and other expenses over the FY18 to FY21F period.

Figure 4.14: Administration and other expenses by type – FY18 to FY21F



Administration and other expenses have increased with the growth in the business over the historical period. Expenditure increased across the following areas:

- General and administration expenses, which includes postage and freight, bad debt expenses, other consultant fees, has increased due to bad debts linked with growth in the business and consultants. FY21F bad debts are forecast in line with FY20 levels. To date, Aussie Broadband has not noticed a deterioration in the bad debt profile as a result of the COVID-19 pandemic.
- Other expenses are forecast to increase in line with the historical trend.
- Merchant and bank fees increased in line with growth as the number and value of monthly billings increased. This is forecast to continue in FY21F.
- Increasing cost of postage and freight due to growth in hardware sales and the launch of Fetch TV in FY19, with the Fetch TV set-top boxes being couriered to customers. FY21F postage and freight is assumed to increase given the increase in hardware sales.

4.7.6. Depreciation and amortisation

Depreciation is a non-cash expense that predominantly relates to either network infrastructure or the use of leased assets under AASB16 (refer to Section 4.2.4.1 for further detail).

Depreciation and amortisation has increased over the historical and Forecast Period, in part due to the increase in capital equipment (such as network infrastructure) and leased equipment.

Aussie Broadband amortises intangible assets with finite lives over their useful economic life (such as capitalised software over the following five years). Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually.

4.7.7. Net finance expenses

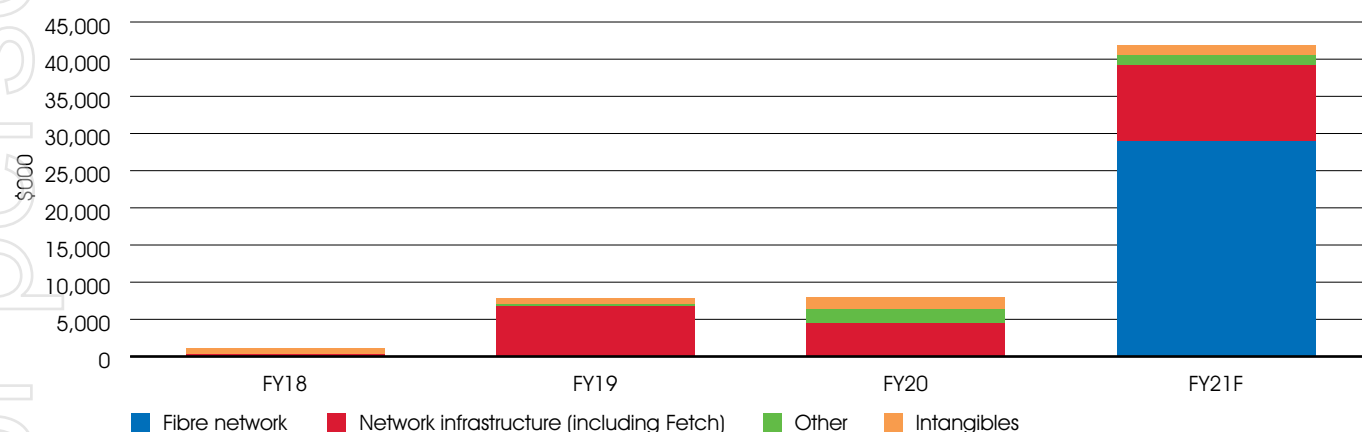
Pro forma net finance expenses primarily relates to interest on the debt facility and interest charges on leased assets under AASB16.

The senior finance facility was taken out in December 2018 and is forecast to be repaid in February 2021 (please refer to Section 5.1.29 for more details on the repayment risk associated with maturity of this senior finance facility). Other interest expenditure relates to equipment on hire purchase financing arrangements.

4.7.8. Capital expenditure

Figure 4.15 below sets out capital expenditure over the FY18 to FY21F period and by key component.

Figure 4.15: Capital expenditure by type – FY18 to FY21F



Capital expenditure has increased year-on-year as the business has invested in additional infrastructure to accommodate growth in connections. Key projects include:

- FY18 to FY20 include a cumulative spend of \$11.5 million on network infrastructure to connect the NBN to Aussie Broadband's network;
- expenditure on fixtures, fittings and other leasehold improvements in the Aussie Broadband corporate offices; and
- acquisition of IPv4 IP addresses and development of the customer management software utilised by Aussie Broadband.

4 Financial Information

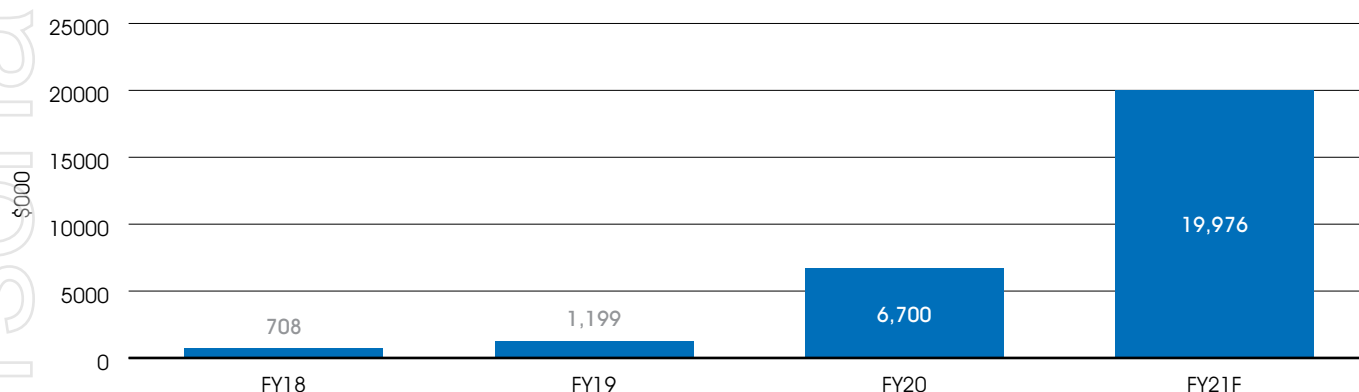
FY21F capital expenditure of \$41.9 million includes:

- \$28.9 million spent on the build of the Aussie Broadband fibre optic network (refer to Section 3.5.4 for further details). By June 2021, Aussie Broadband expects to have 62 stages of the network ready and available to service customers. In FY21F, the impact on the pro forma income statement related to the fibre network build is assumed to be a net cost of \$0.8 million (given approximately 55% of the fibre build project is completed over the year, no material cost savings have been included in the FY21F forecast; leverage of fixed fibre costs are not expected to be generated until FY23, as existing contracts expire and more customers transition to the fibre optic network); and
- a further \$10.2 million of network infrastructure to accommodate current and projected customer numbers.

4.7.9. Cash flow

Aussie Broadband's operating cash flow generation has varied over the period, as illustrated in Figure 4.16 below.

Figure 4.16: Operating cash flow – FY18 to FY21F



Operating cash flow exceeds EBITDA in all periods. This is due to customers paying in advance for the coming month's services thereby generating a favourable working capital profile. The investment in capital equipment (such as network infrastructure) led free cash flow to be negative across all relevant periods.

Other cash flow items below operating cash flow include:

- capital expenditure (discussed in Section 4.6.2.6), which is funded by a combination of debt and proceeds from the Offer (in FY21F);
- draw down of external debt, relating to both equipment finance agreements (in each year, including FY21F) and a senior finance facility; and
- the repayment of the senior finance facility in FY21F (please refer to Section 5.1.29 for more details on the repayment risk associated with maturity of the senior finance facility).

4.8. Sensitivity analysis

The Forecast Financial Information included in Section 4 of this Prospectus is based on a number of estimates and assumptions as described in Section 4.6. These estimates and assumptions are subject to business, general economic and competitive uncertainties, many of which are beyond the control of Aussie Broadband, and its respective directors and management. These estimates are also based on assumptions with respect to future business developments and decisions, which are subject to change.

Table 4.12 sets out a summary of the sensitivity of the Pro Forma Forecast Financial Information to changes in a number of key assumptions. The changes in key assumptions are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed ranges shown, and these variances may be substantial.

Care should be taken in interpreting these sensitivities. In order to illustrate the likely key impact on the Pro Forma Forecast Financial Information, the estimated impact of changes in each of the assumptions has been calculated in isolation from changes in other assumptions. In practice, changes in assumptions may offset each other or be additive, and it is likely that Aussie Broadband management would respond to an adverse change in one assumption to seek to minimise the net effect on Aussie Broadband's earnings and cash flow.

For the purpose of the sensitivity analysis shown in Table 4.12, each sensitivity is presented in terms of the impact on FY21F pro forma forecast NPAT.

Table 4.12: Sensitivity analysis on the pro forma forecast net profit after tax

Assumption	Notes	Variance	FY21F pro forma impact on NPAT (\$millions)
New Residential connections	1	+/- 5.0%	+/- 0.5
Residential churn		+/- 0.1%	+/- 0.2
Residential ARPU		+/- \$1	+/- 0.9
Operating expenses as a % of revenue		+/-1.0%	+/- 3.4

Note:

1. Represents a 5.00% variance in the total number of new Residential customers in FY21F.

4.9. Dividend policy

The Directors have no current intention to pay dividends on Shares, as it is their intention to reinvest all cash flow into the business and on the Company's capital expenditure projects, in order to maximise its growth. Accordingly, no dividends are expected to be paid in the near term following the Company's listing on the ASX.

The payment of dividends by the Company (if any) is at the discretion of the Directors and will be a function of a number of factors (many of which are outside the control of the Directors), including the general business environment, the financial results the business, cash flows and financial condition of the Company, future funding requirements, considerations, any contractual, legal or regulatory restrictions on the payment of dividends by the Company and other factors the Board deems relevant. The Directors do not provide any assurance of the future level of dividends paid by the Company.

5

Risk Factors

5 Risk Factors

Investing in the Shares involves a degree of risk. There are a number of risks that, either individually or in combination, may materially and adversely affect the future operating and financial performance of the Company and the value of the Shares.

This Section describes the key risks the Company currently believes to be associated with an investment in the Company. It does not purport to be an exhaustive list of every risk faced by the Company, now or in the future. Many of these risks, or the consequences of them, are outside the control of the Company. If one or more of these risks or a risk not specifically referred to in this Prospectus eventuates, then the future operating performance of the Company and the value of the Shares and of your investment may be significantly affected.

Prospective investors should read the whole of this Prospectus and consult with their professional advisors for legal, business, financial or tax advice in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for Shares under this Prospectus.

The following summary represents some of the major risk factors that Applicants need to be aware of. These risks have been separated into:

- risks associated with the Company's business and the industry in which it operates; and
- risks associated with an investment in Shares in the Company.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and impact of the risk if it did occur. The assessment is based on the knowledge of the Company as at the date of this Prospectus, but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge. Any of these risks, and any other risks that may emerge, may have a material adverse effect on the business and financial position and performance.

There can be no guarantee that the Company will deliver on its business strategy, or that the forecasts or any forward-looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance is not a reliable indicator of future performance.

Some of these risks may be mitigated by the Company's internal controls and processes, but many are outside the control of the Company, the Directors and Senior Executives. An investment in the Company should be considered speculative. There can be no assurance that the Company will achieve its stated objectives or that any forward-looking statements will eventuate.

Applicants should seek professional advice suited to their investment objectives, financial situation and particular needs to reduce the impact of risk. Nothing in this Prospectus can or does replace or offer independent professional advice.

5.1. Risks specific to the Company's operations

5.1.1. Competition

The Company faces significant competition within Australia, whereby the Australian retail broadband market is dominated by 4 major telecommunication carriers, Telstra, TPG, Optus and Vocus, which collectively hold approximately 92% of the market share.

In addition to existing competitors, new competitor services and business models that compete with the Company may arise in the future. Many of these existing and potential competitors have substantially more resources than the Company and there is a risk that an existing or potential new competitor may undertake action which increases competition in the industry. This could result in the Company's services becoming less attractive to its customers, thereby reducing its attractiveness to potential new customers and reducing the level of retention of existing customers; requiring the Company to increase its promotional and marketing expenses or capital expenditure; or requiring the Company to lower its pricing or alter other aspects of its business model to remain competitive or continue to grow. Any of these outcomes could materially adversely affect the Company's profitability and financial performance.

5 Risk Factors

5.1.2. NBN rollout

A particular factor impacting the competitive landscape of the telecommunications industry is the Australian government's NBN, whose rollout is still ongoing. The NBN is intended to increase industry competition by providing all retail telecommunication service providers with equivalent access to acquiring wholesale services on the NBN. Accordingly, any changes to existing policies of NBN Co regarding the rollout of the NBN could have a materially adverse impact on the Company's future financial performance.

5.1.3. NBN Co pricing

The regulatory framework governing the NBN enables NBN Co to set access charges paid by RSPs, in line with the NBN Co Special Access Undertaking. An increase to access charges may require Aussie Broadband to increase its pricing to maintain margins and profitability. If the Company is unable to pass on any such increased charges, the Company's margins and profitability may be adversely impacted.

5.1.4. COVID-19

Whilst the COVID-19 pandemic has not, as at the Prospectus Date, materially impacted the Company's business, associated measures imposed by local and international governments to limit the spread of the virus has caused a number of challenges to the Company's operations. This includes the Company being required to source alternative supply of consumer routers as well as the restrictions on movement imposed on the Company's workforce, many of whom have been required to work remotely since March 2020.

However, there is continued uncertainty as to the duration and further impact of COVID-19 including (but not limited to) in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines, travel restrictions and the impact on the Australian and global economy. In addition to exacerbating the effects already experienced by the Company, the COVID-19 pandemic and the economic impacts of Australian and international responses to COVID-19 could more widely affect delivery of equipment where suppliers and their supply chains are adversely impacted by COVID-19, affect the rollout of the NBN in Australia or force the Company to delay the launch of any growth initiatives, new products or services due to poor economic conditions and/or increase the risk of default by the Company's customers.

Furthermore as outlined in Section 5.1.5, the COVID-19 pandemic has the potential to impact population growth, construction of new dwellings and the relocations of households, all of which are factors that contribute to demand for the Company's products and services. Accordingly, there is a risk that if the spread of COVID-19 continues, and/or the actions taken to combat COVID-19 persist, the Company's operational and financial performance could be adversely affected.

5.1.5. Population growth and new dwelling construction

The growth and performance of Aussie Broadband is partly dependent on the demand for new NBN connections, which is influenced by among other things, population growth, housing construction and home relocation. These factors are affected by general global economic conditions which in turn impact the Australian economy, with the population growth in Australia already lower than previous estimates due to the factors associated with the COVID-19 pandemic. Accordingly, any adverse impact on the factors which typically generate demand for NBN services is likely to have negative impact on the Company's operations and financial performance and could result in the Company's assumptions supporting the Company's growth estimates and other forecasts no longer being accurate or reasonable. Furthermore, a decline in the natural rate of growth of NBN connections may result in increased competition between market participants in the Australian telecommunications industry, which may further impact the Company's margins, financial performance and market share.

5.1.6. Alternate technologies

New advancements in fixed wireless and mobile wireless solutions, such as 5G networks, may pose a possible threat to fixed line fibre networks, including the NBN. If such competing technologies become widely available in Australia and thereby increase competition within the market for internet service providers, there is a risk that the Company's market share may be diminished and/or the Company's financial and operating performance may be adversely affected.

While 5G fixed wireless products, which are marketed as alternatives to the NBN, are available in the marketplace their availability is currently limited to certain geographic areas with 5G network infrastructure. 5G products and technology rely on the establishment of 5G networks which are currently being rolled out throughout Australia. While the availability of 5G technologies and products will continue to increase as 5G infrastructure is rolled out in Australia, 5G networks are not presently expected to have the extensive coverage of the NBN.

Given the infancy of 5G networks and the lack of information in relation to market offers, pricing, and customer experience, it is difficult to accurately predict the impact of 5G fixed wireless services on the fixed line networks such as the NBN.

5.1.7. Design, construction, and development risk

The Company intends to construct its own backhaul fibre optic network. Once complete, the Company intends to replace a significant proportion of its existing backhaul requirement with its own backhaul capacity, which the Company expects will improve its future operating margins.

However, as with any major capital expenditure project, there is a risk of delays or unexpected costs associated with the design, construction, and development as a result of external factors not within the Company's control including the availability of quality contractors, design and deployment issues, duct access and material and component costs. Any of these factors may adversely impact the Company's operating results or reduce or impair the financial benefits the Company expects to derive from construction of its own backhaul fibre optic network.

5.1.8. Backhaul pricing risk

Aussie Broadband purchases Backhaul from third party providers. As pricing levels are set by the respective third party operators, which may increase over time, if Aussie Broadband is unable to secure alternative supply of comparable services and at competitive prices it may have to increase the pricing of its products and services in order to maintain margins and profitability. If the Company is unable to pass on any such increased charges, the Company's margins and profitability may be affected. The Company partially mitigates this risk by entering into long-term supply contracts, with terms of up to five years, with its suppliers of Backhaul.

5.1.9. Data usage

Aussie Broadband's wholesale costs include service charges paid to NBN Co pursuant to the NBN Agreement. These charges are based on known and estimated data usage growth of Aussie Broadband's existing and future customers. However under such agreements, Aussie Broadband may incur additional charges where data usage exceeds relevant thresholds.

These charges, which include the CVC Overage charged by NBN Co, may not be able to be recouped in full in a period by the Company from its customers. Therefore, any unexpected increase in internet data usage on the Company's products and services may negatively impact the Company's operating margins and financial performance.

5 Risk Factors

5.1.10. Carrier licence and regulatory risk

The Group holds a carrier licence under the Telecommunications Act and must comply with the applicable licence conditions set out in the Telecommunications Act. There is a risk that licence conditions may be varied or if the Company does not comply with the licence conditions that the licence is cancelled. Should the licence conditions be varied or the licence cancelled it would have a material impact on the Company's activities.

The Company reviews its carrier licence compliance obligations on a regular basis and will endeavour to take all reasonable steps to prevent the cancellation, expiry, lapsing or such other adverse effect to the Group's carrier licence.

In addition to the licensing obligations outlined in relation to this risk, the Company is required to comply with a range of laws and regulations to conduct its business in Australia. These include laws and regulations relating to telecommunications, privacy and data protection, competition and consumer protection, property, employment and workplace relations, occupational health and safety, corporate, and international trade. These laws and regulations give rise to significant legal obligations and ongoing compliance costs for the Company. Failure to comply with such laws and regulations, changes in the application or interpretation of existing laws and regulations and the introduction of new laws or regulations may result in limitations, restrictions, fines or penalties being imposed on the Company by the relevant regulator or Governmental body, cancellation of licences, or impact to the Company's brand and reputation and may have an adverse effect on the Company's operating costs, business model and market. Such activities and events could materially affect the Company's future financial performance and standing.

5.1.11. Regulation of market behaviour

In addition to the regulatory risks referred to Section 5.1.10, the Company is also subject to having its market behaviour monitored and regulated by the Australian Communications and Media Authority, the Australian Competition and Consumer Commission and the Telecommunications Industry Ombudsman as well as state Fair Trading Bodies. There are also a number of consumer groups that monitor the conduct of major providers and report persistent failure to comply with consumer and trading and telecommunications regulations.

Any substantial failure by the Company to comply with applicable regulations could result in cessation of, or restrictions on, parts or all of its business, penalties or other liabilities to the Company, significant remedy costs, damage to the Company's brand and loss of revenue. Such damage may adversely affect the growth and financial performance of the Company's business.

5.1.12. Supplier concentration risk

The Company contracts third party suppliers to provide network equipment and other services. If these suppliers' services were interrupted, or if the Company was unable to contract with these suppliers, the Company may experience a disruption in its service.

The Company relies on key business relationships to deliver its services, such as IP transit, backhaul, data centres, high sites and equipment. While there are multiple suppliers for the Company to contract with there is a risk that certain brands, licences or products may no longer be available for use by the Company in its network.

The Telecommunications Sector Security Reform (**TSSR**) imposes obligations on carriers such as the Company to protect telecommunications networks and facilities from unauthorised interference or unauthorised access for national security purposes. The TSSR or any similar regulations introduced in future may impact potential suppliers available to the Company.

Additionally, a failure to maintain supplier relationships generally could result in a loss of support, which could impact the business operations and the financial results of the Company.

The Company utilises a range of suppliers and manufacturers for its network equipment and is not reliant on one key supplier, and therefore the Company does not expect that a loss of a particular supplier or manufacturer, including if mandated by the introduction of government policy, direction or regulation, will have a material impact on the Company's ability to maintain or deploy its networks.

5.1.13. Loss of customers or contracts

While the Company does not consider any single customer relationship to be material; the Company believes that maintaining a responsive customer service capability, a quality service offering, and competitive prices are critical to attracting and retaining customers. Failure to maintain these capabilities may lead to customers seeking alternative providers, which could increase the customer churn of the Company and have an adverse impact on profitability. The Company aims to mitigate this risk by endeavouring to continue to provide quality customer service, sales capability and services to its customers.

The Company has historically had low customer churn rates, with Residential customer churn being 1.59%, 1.66% and 1.76% during FY18, FY19 and FY20 respectively. However, if the Company's customer churn rates were to increase, this would have an adverse effect on the revenue and therefore financial performance and profitability of the Company. If the Company is not able to acquire new customers to replace the departing customers, then this will have a significant adverse impact on its revenue and profitability.

Further, a lack of customer demand may impact the growth prospects and/or financial performance of the Company.

5.1.14. Customer churn

The market for high speed internet is highly competitive.

In the case of the internet access via the NBN, many RSPs offer what is effectively the same wholesale product from NBN Co. While RSPs present different service offerings, the essential product – a high speed internet connection – is highly similar if not the same. This results in high levels of competition and can incentivise customers to change RSPs based on pricing.

This level of competition creates opportunities for customer churn, both towards and away from the Company. Any issues with the Company's service, or shortcomings of offerings may result in increased churn away from the Company.

Significant churn away from the Company will impact the Company's margins, financial performance and market share.

In addition, technologies that compete with fixed line internet services may present additional churn risk. Fixed wireless services, such as 5G, create further competition in the high-speed internet marketplace.

5.1.15. Termination of material contracts

The Company's relationship with third parties are underpinned by contractual arrangements. Summaries of the key terms of the material contracts entered into by the Group are set out in Section 10 of this Prospectus. There are risks that these material contracts may contain unfavourable provisions, be terminated, lost or impaired, or renewed on less favourable terms.

Termination of a key arrangement prior to the end of the contract term, or an inability of the Company to enforce its rights under a contract, could have adverse impacts on the Company's operations, including in relation to its supply chain and ability to maintain the quality of its services to end customers. The loss, impairment or renewal on less favourable terms of any of the Company's material contracts, including but not limited to the contracts referred to in Section 10, may adversely impact the Company's financial performance and growth prospects.

5 Risk Factors

5.1.16. Key management personnel

The Company relies heavily on its existing key management personnel (in particular its Managing Director, Phillip Britt and CTO, John Reisinger), who have intimate knowledge of the business. If a member of the Company's key management team were to resign or leave the businesses this could have an adverse effect on the Company's performance, and there is no guarantee that the Company could attract a suitably qualified replacement, or if it is able to do so, how long it may take to attract and employ such a replacement.

While the Company's internal policies and procedures involve planning and processes to support a structured succession plan for executive and other senior roles within the Company, as well as to facilitate the recruitment and retention of key personnel, these measures alone may not be sufficient to attract new personnel in a timely manner or retain existing personnel.

5.1.17. Innovation risks

As a telecommunications business, the Company is potentially vulnerable to risks relating to technological developments in software and infrastructure used in the telecommunications industry. The telecommunications industry is particularly susceptible to rapid change, especially owing to technological innovation and rapidly evolving industry practices. The introduction of new practices and technology may have significant implications for the Company's current infrastructure and business model. As such, the Company's success will be dependent upon its ability to develop, adopt and integrate the latest technologies into its existing infrastructure.

The Company partially mitigates this risk by continuing to evaluate new fibre and wireless access technologies as potential NBN bypass solutions.

5.1.18. Product development risks

The Company may introduce new products or services or functionality with the online customer service platform that are intended to enhance the user experience or deliver greater levels of customer satisfaction. There is a risk that these initiatives may result in unforeseen costs or risks, may not perform as intended or may not deliver the growth in customers.

The Company's performance and financial position may be impacted by the inability of the company to keep up with innovation within the industry. An inability to develop new products and services in a timely and successful manner may result in loss of market share and deterioration in the Company's margins.

While the Company intends to develop mobile products and services and other bundle service offerings, a delay or increase in the costs to deliver such new products and services may impact the growth and margins of the business.

The Company is focussed on retaining and developing automated process procedures for on-boarding or usage of products, improvement and continued success in this function is likely to be required to maintain service quality and therefore revenue and margin growth.

5.1.19. Network infrastructure risk

The Company depends on the performance, reliability and availability of its infrastructure technology, as well as its MyAussie App customer service platform, call centre and communications systems, to provide high quality services to its customers. There is a risk that these technologies, platforms and systems may be adversely affected by a number of factors, including damage, equipment faults, power failure, computer viruses, misuse by employees or contractors, or external or malicious interventions, such as hacking, fire, natural disasters or weather interventions. Events of that nature may cause significant disruption to the Company's business or impact the availability of the Company's technology platform or services resulting in financial loss or increased customer churn.

In addition, services to customers can be impacted by faults and outages that occur outside of the Company's network – for example, outages experienced in the NBN, in a data centre, or over backhaul. All of these outages can have a negative impact on the service provided to the Company's customers and the Company may have limited or no ability to immediately remedy them.

Furthermore, network risks such as cyber-attacks, data theft and hacking may lead to loss, theft or corruption of data, each of which may result in the Company breaching its obligations under applicable laws and/or its contractual arrangements, as well as potentially having a material adverse impact on the Company's reputation and financial performance.

5.1.20. Bandwidth and network requirements

A key aspect of the delivery of the Company's services is providing sufficient fixed line broadband bandwidth for customers. In addition, the Company's ability to operate as a competitive internet services provider is dependent upon its access to sufficient network infrastructure. If the Company were unable to deploy sufficient network infrastructure, it would be less able to provide its services to new and existing customers economically and efficiently, which may limit revenue growth and profitability.

Further, an unexpected increase in the amount of demand for services and bandwidth, such as that which is currently being experienced as a result of the COVID-19 pandemic, may involve significant and unplanned costs or impacts for the Company, which could have a material impact upon the Company's financial position.

5.1.21. Data security risk

Protection of company, customer, employee and third-party data is critical to the Company's ongoing business and any breaches of this could have significant negative financial ramifications. Through the ordinary course of business, the Company collects a wide range of personal, financial and service usage data from customers. This includes information such as usage data, phone numbers and customer contact details and addresses. In addition, the Company is reliant on technology providers and partners that collect certain information about the Company's customers.

Customers, employees and third parties have high expectations regarding the protection of this personal information. Additionally, the legal and regulatory environment surrounding information security and privacy is increasingly complex and demanding.

The collection, use, storage and disclosure of personal and sensitive information in Australia is governed by the *Privacy Act 1988* (Cth) (**Privacy Act**) and the Australian Privacy Principles contained at Schedule 1 of the Privacy Act (**Australian Privacy Principles**). Failures or breaches of data protection systems can result in reputational damage, regulatory impositions (such as for breaches of the Privacy Act or Australian Privacy Principles) and financial loss, including claims for compensation by customers or penalties by telecommunications regulators or other authorities.

Cyber-attacks, data theft and hacking may lead to a compromise or even breach of the technology and service platforms used by the Company to protect confidential information. It is possible that the measures taken by the Company will not be sufficient to detect or prevent unauthorised access to, or disclosure of, personal or confidential information about the Company, its customers, employees or third parties. Any such disclosure, whether accidental or intentional, may subject the Company to reputational damage, claims from those affected, loss of customers, legal action and increased regulatory scrutiny.

There is also a risk that if a cyberattack is successful, any data security breaches or the Company's failure to protect confidential information could result in loss of information integrity, breaches of the Company's obligations under applicable laws or customer agreements, or website and system outages and fraud, each of which may potentially have a material adverse effect on the Company's reputation and financial performance.

5 Risk Factors

5.1.22. Brand maintenance

The Company believes the reputation of its products and brands is key to its success. The Company's reputation and the value of its brands may be damaged as a result of negative customer or end-user experiences due to poor product performance or product failures, adverse media coverage or other publicity (in relation to such matters as network outages, poor customer service or price increases), or disputes with customers, suppliers or employees. Erosion of the Company's reputation as a result of one or a combination of these factors may reduce demand for its products, diminish the value of its brands, or adversely impact relationships with customers, suppliers or employees. This in turn may adversely impact the Company's ability to attract and retain customers, sales and revenue performance, and profitability.

5.1.23. Growth strategies

The Company has a number of strategies in place to generate future growth and earnings, including the proposed development and construction of an internally owned and operated fibre optic network. There is a risk that the implementation of these strategies will be subject to delays or cost overruns and there is no guarantee that these strategies will generate the customer demand, full financial benefits anticipated or result in future sales and earnings growth and may not deliver a return on investment. Furthermore, the implementation of these growth strategies may lead to changes to the Company's business or the customer experience which may result in unintended adverse consequences if such changes affect customers' willingness to buy the Company's services.

In particular, the Company has made several assumptions in order to develop the forecast financial information of the Company. These include assumptions with respect to customer growth, promotional expenses, marketing spend and administration and other costs. There is a risk that actual results could materially deviate from the assumptions made, which may cause the forecasts to not be met. These risks or events may have an adverse effect on the Company's financial position, performance or operating margins.

5.1.24. Failure to meet forecasts

The forward-looking statements, opinions and estimates provided in this Prospectus, including the Forecast Financial Information, rely on various assumptions which are described in Section 4.6. Various factors, both known and unknown, may impact the performance of the Company and cause its actual performance to vary significantly from expected results. There can be no guarantee that the Company will achieve its stated objectives or that any forward-looking statement or forecast will eventuate.

5.1.25. Credit risk

The Company is exposed to credit risks relating to the delayed payments or non-payments from its customers, including in the event a customer ceases operations or suffers an insolvency event. If a material portion of customers were to default in payment under their respective arrangements with the Company this could have a material adverse effect on the Company's business, operating results and financial condition, including decreasing operating cash flows. Furthermore, while the Company has not observed a material decline in collections relative to its historical levels, investors should note that there may be an increased risk of default as a result of poor economic conditions in particular if the spread of COVID-19 continues.

5.1.26. Finance risks

While the Company believes it will have sufficient funds after Completion of the Offer to meet all of its growth and capital requirements for the near term, the Company may seek to exploit opportunities that will require it to raise additional capital from equity or debt sources. There can be no assurance that the Company will be able to raise such capital on favourable terms or at all. If the Company is unable to obtain such additional capital, it may be required to reduce the scope of its anticipated activities, which could adversely affect its business, financial condition and operating results.

5.1.27. Future acquisitions risk

Whilst not a key growth strategy, the Company may seek to acquire businesses or companies in order to achieve its objectives. Although the Company will undertake appropriate due diligence investigations in relation to each potential acquisition, and seek to ensure certain standard warranty and indemnity protections are contained in the relevant sale and purchase agreements, there is a risk that those due diligence investigations will not identify issues which are material to the acquisition and which could result in additional liabilities affecting the Company.

5.1.28. Convertible Notes maturity risk

As at the Prospectus Date, the Company currently has a number of Convertible Notes on issue, the terms of which are set out in Section 7.3.2. The maturity date of the Convertible Notes is on or around April 2021. Completion of the Offer is conditional on certain conditions, including raising the Minimum Subscription and the Company obtaining official quotation of the Shares on the ASX within 3 months after the Prospectus Date (or such later date as permitted under the Corporations Act). However, if the Company is not admitted to the ASX Official List by the relevant maturity date, those Noteholders may require the redemption of the Convertible Notes. If any of the Noteholders require the redemption of their Convertible Notes, the Company will be required to repay the face value of the relevant Convertible Notes, along with any applicable interest to the Noteholders. The redemption of a large number of the Convertible Notes will have a significant effect on the Company's cash flow and the ability of the Company to complete the Offer.

5.1.29. Longreach Facility Agreement maturity risk

The Company is a party to the Longreach Facility Agreement and a summary of the key terms of the Longreach Facility Agreement are set out at Section 10.13. The maturity date of the Longreach Facility Agreement is 28 February 2021 on which date the Company is required to repay the balance of all outstanding amounts under the Longreach Facility Agreement, including all principal and accrued interest. As at the Prospectus Date, the Company estimates that the amount that will be payable to Longreach upon maturity of the Longreach Facility Agreement will be \$5,500,000.

Following the maturity of the facility granted under the Longreach Facility Agreement, there is no guarantee that the Company will be able to successfully refinance the Longreach Facility Agreement on terms no less favourable to the Company, if at all. In this event, the obligation of the Company to repay amounts owing under the Longreach Facility Agreement upon its maturity will have a significant effect on the Company's cash flow and the Company's use of funds received under the Offer.

Furthermore, as noted in Section 11.11, Longreach has registered security interests on the PPS Register over all of the present and after acquired property of the Company and its Subsidiaries to secure the Company's payment obligations under the Longreach Facility Agreement. Accordingly, failure by the Company to comply with certain terms of the Longreach Facility Agreement, including failure to repay all amounts outstanding upon its maturity, will result in the Company being in default under the Longreach Facility Agreement and failure to remedy such default may result in Longreach seeking to enforce its rights in such circumstances including enforcement of its registered security interests against the Company and the Subsidiaries on the PPS Register.

5.1.30. Employee relations

As the Company has a significant number of employees, a failure to successfully manage industrial relations or ensure proper design, processes, security and culture at the Company could result in industrial disputes, work stoppages or accidents that cause adverse reputational financial, legal, productivity or morale impacts.

5 Risk Factors

5.1.31. Consumer law

The supply of products and services by the Company is subject to the Competition Act, and in particular any supply to retail customers, will also be regulated by the Australian Consumer Law. The Competition Act and Australian Consumer Law regulate unfair contract terms, apply product safety standards and guarantee consumer rights when buying products and services, including requiring that such products and services to be fit for purpose and otherwise compliant with the Australian Consumer Law.

While the Company has established compliance protocols to ensure the fitness for purpose of its products and services, there is a risk that a supply of product or services may breach the Competition Act, the Australian Consumer Law or other relevant consumer law, which may result in infringement notices, enforceable undertakings or more formal legal action, any of which could have a material impact on the Company's business and performance.

5.2. General risk factors applying to an investment in Shares in the Company

In addition to the specific risks outlined above, the operating results and profitability of the Company are sensitive to a number of general risk factors including those set out below. The list of risk factors below should be carefully considered, together with the information contained elsewhere in this Prospectus, before deciding to apply for Shares.

5.2.1. Investment risk

The Shares to be issued pursuant to the Offer under this Prospectus should be considered speculative. They carry no guarantee as to the payment of dividends, return of capital or the market value of the Shares. The prices at which an investor may be able to trade the Shares may be above or below the Offer Price. Prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

5.2.2. Trading and liquidity in Shares

There can be no guarantee that an active market for the Shares will develop. There may be relatively few potential buyers or sellers of the Shares on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also impact the prevailing market price at which Shareholders are able to sell their Shares.

5.2.3. Dilution risk

The Company may issue further Shares or other securities. The Company cannot predict the size of future issues or the impact, if any, that future issues of securities will have on the market price of the Shares.

Issues of substantial numbers of Shares, or the perception that the issue or sale of substantial numbers of Shares could occur, may adversely impact prevailing market prices of the Shares.

While the Company will be subject to the constraints of the Listing Rules relating to the issue of Shares or other securities, with any additional issue of Shares, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings per Share.

5.2.4. Absence of dividends and franking

The ability of the Company to pay dividends in the future is dependent on many factors including its ability to develop, seek regulatory approvals for, and commercialise, its products. Where the Company is in a position to pay dividends, the amount, timing and payment of future dividends is dependent on a range of factors including future capital, capital expenditure requirements, as well as the overall financial position of the Company. There will be factors outside of the control of the Company and its Directors that may affect the ability of the Company to pay dividends.

The Company does not expect to pay dividends in the short or medium term. The Directors are unable to give any assurance regarding the payment of dividends in the future, if any.

Finally, if and when dividends are declared, the Directors are unable to give any assurance in relation to whether franking credits attaching to dividends can be given by the Company. Shareholders should otherwise be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.

5.2.5. Global economic conditions

The financial performance of the Company is dependent on global economic conditions and the global economic outlook, and in particular on the economic conditions and outlook in Australia and the telecommunications market generally. Economic conditions may be affected by levels of business spending, inflation, interest rates, consumer confidence, access to debt and capital markets and government fiscal, monetary and regulatory policies. A prolonged downturn in general economic conditions (such as that which may arise due to COVID-19) may have a material adverse impact on the Company's trading and financial performance.

5.2.6. Force majeure events

Events may occur within or outside the markets in which the Company operates that could impact upon global or regional economies, the operations of the Company and/or the price of the Shares. The events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease and pandemics, or other natural or manmade events or occurrences that can have an adverse impact on the demand for the Company's services or its ability to conduct business. The Company has a limited ability to insure against some of the risks mentioned above.

5.2.7. Litigation

In the ordinary course of its business, the Company may be subject to the risk of litigation and other disputes with its customers, employees, consultants, lessors, regulators and other third parties. Proceedings may result in high legal costs, adverse monetary judgments and/or damage to the Company's reputation, which ultimately is likely to have an adverse effect on the financial performance of the Company.

5.2.8. Insurance

The Company has obtained insurance where it is considered appropriate for its needs. However, the Company would not expect to be insured against all risks, either if appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

Accordingly, the Company may not be fully insured against all losses and liabilities that could unintentionally arise from its operations. If the Company incurs losses or liabilities for which it is uninsured, the value of the Shares may be at risk.

5 Risk Factors

5.2.9. Accounting standards

AAS are set by AASB and are outside the control of either the Company or the Directors. Any changes to the accounting standards or to the interpretation of those standards may have an adverse impact on the reported financial performance and position of the Company.

5.2.10. Taxation and changes in tax law

There may be tax implications arising from applications for Shares, participation in any on-market buy-back and/or on the future disposal of Shares. Further, the tax treatment of a Shareholder's investment may be impacted by legislative changes in tax law or the interpretation of tax laws (including goods and services taxes, rules relating to deductible liabilities and stamp duty taxes).

Any changes to the current rate of company income tax may impact Shareholders' returns, and any change in tax rules and tax arrangements could have an adverse impact on the level of dividend franking and Shareholders' returns. Potential investors should consult their professional tax adviser before deciding whether to apply for Shares pursuant to this Prospectus.

5.2.11. Combination of risks

The Company may be subject to a combination of risks, including any of the risks outlined in this Section 5, which in aggregate could affect the performance valuation, financial performance and prospects of the Company.

6

Key People, Interests and Benefits

6 Key People, Interests and Benefits

6.1. Board of Directors

Director & Experience



Adrian Fitzpatrick – BCom, FCA

Non-Executive Chair

Adrian is the Chair and a Non-Executive Director of the Company.

Adrian has extensive operational, financial management and strategic experience from a career that has spanned over 30 years. He has held senior leadership and management positions with Pitcher Partners, where he was one of the firm's founding partners. Adrian is a Non-Executive Director of ARB Corporation Limited (ASX:ARB) and RXP Services Limited (ASX:RXP), a Director with the Accident Compensation Conciliation Service and holds one not-for-profit Board position. He was appointed to the Aussie Broadband Board as Chair in July 2020.

The Board considers that Adrian is an independent director.



Phillip Britt

Executive Director and Managing Director

Phillip is the Managing Director and an Executive Director of the Company.

Phillip is a highly experienced executive entrepreneurial innovator with 24 years in the telecommunications industry. He co-founded Wideband Networks in 2003 and became Managing Director when it merged with Westvic Broadband in 2008 under the name Aussie Broadband. He has served on the Board of Directors of Aussie Broadband since the merger. He is a graduate of the JMW Leader of the Future program, has held voluntary leadership roles at state and national level for Scouts Victoria, and is an inductee into the telecommunications industry Edison Awards Hall of Fame.

The Board considers that Phillip is not an independent Director.



John Reisinger – BComp

Executive Director and Chief Technology Officer (CTO)

John is an Executive Director of the Company.

John has worked in the telecommunications industry since 2001. He was a co-founder of Wideband Networks in 2003 and has held the role of Chief Technology Officer and served as a Director at Aussie Broadband since 2008. John brings strong technical expertise and acumen to the role and is responsible for overseeing the Company's network management. He holds a Bachelor of Computing from Monash University and is a graduate of the JMW Leader of the Future program.

The Board considers that John is not an independent Director.

Director & Experience



Patrick Greene

Non-Executive Director

Patrick is a Non-Executive Director of the Company.

Patrick has owned retail businesses since 1987 and has extensive sales, marketing, financial and management experience. He has won Franchisee of the Year Awards at a state and national level. Patrick was a co-founder of Westvic Broadband before it merged with Wideband Networks in 2008 and joined the Aussie Broadband Board as a Non-Executive Director in 2017.

The Board considers that Patrick is not an independent Director due to his role as director of Panama Trial Pty Ltd, a substantial Shareholder of the Company.



Richard Dammary – BA, LLB, MBA, PhD, FAICD

Non-Executive Director

Richard is a Non-Executive Director of the Company and chairs the People and Community Committee.

Richard has extensive non-executive, senior leadership and advisory experience in a range of major Australian and New Zealand companies. His telecommunications experience includes roles at Telstra, Telecom New Zealand and AAPT where he was responsible for at various times, interconnect/wholesale network investment and regulatory strategy. He has also served as a partner of major law firm Minter Ellison.

Richard currently serves on the boards of Nexus Hospitals Group and Creative Partnerships Australia, and he is an Adjunct Professor (Practice) and Industry Fellow at Monash Business School. Richard joined the Aussie Broadband Board as a Non-Executive Director in 2020.

The Board considers that Richard is an independent director.



Vicky Papachristos – BE, MBRA, MAICD

Non-Executive Director

Vicky is a Non-Executive Director of the Company and chairs the Audit, Risk and Compliance Committee.

Vicky is an experienced company director, executive and marketing and business development consultant with over 30 years' experience. She has worked in both Australia and the United States, across private, public/ASX, government, not-for-profit/mutual organisations and start-ups. Vicky is a Non-Executive Director of Big River Industries Limited (ASX:BRI), GMHBA Private Health Insurance, Health.com.au, AIA Health Insurance and serves on the Camp Quality Victorian Revenue Committee. Vicky joined the Aussie Broadband Board as a Non-Executive Director in 2020.

The Board considers that Vicky is an independent director.

6 Key People, Interests and Benefits

6.2. Senior Executives

Director & Experience



Phillip Britt

Executive Director and Managing Director

Please refer to Section 6.1 above.



John Reisinger – BComp

Executive Director and CTO

Please refer to Section 6.1 above.



Aaron O'Keeffe

General Manager, Sales

Aaron worked as an IT professional for 10 years before shifting into telecommunications sales. He joined Aussie Broadband as a Business Development Manager in 2008, was promoted to National Sales Manager of the Company's business division in 2014 and then to General Manager of Sales in 2017. Aaron brings his deep technical knowledge to the role and an ability to cut across all sales channels. He is responsible for securing some of Aussie Broadband's largest customers. Aaron is a graduate of the JMW Leader of the Future and Being a Leader programs.



Brian Maher – BA, CA, GradDip ACG, FGIA, FCIS

Company Secretary and Chief Financial Officer

Brian joined the Company in 2019 as CFO and Company Secretary. He has worked in finance roles since 1990 across a range of industries including audit, industrial services, waste management, financial services and comparison sites. His experience includes time as CFO at AHM and LocalAgentFinder, the founding CFO of health.com.au and Insurance Box Pty Ltd, and as CEO of health.com.au. Brian is a Chartered Accountant and Chartered Secretary and holds a Bachelor of Arts from the University of Nottingham, and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia.

Director & Experience



Janet Granger-Wilcox – MA, AdvCert IAP2

General Manager, Corporate Affairs

Janet worked as a journalist for 12 years before moving into communication management, holding roles in the agriculture, disability and water sectors. She joined Aussie Broadband as Communications and PR Manager in 2016 and became General Manager, Corporate Affairs in 2018. Janet leads the Company's strong focus on culture, its non-traditional approach to inclusion and diversity, its programs to impact communities, and its plain English approach to public relations and communications. She holds a Master of Arts (Communication Management) from the University of Technology Sydney and is a graduate of the JMW Leader of the Future program.



Kevin Salerno

General Manager, Customer Service

Kevin has extensive experience across the construction, mining and agricultural industries in a range of IT management and administration positions. He joined Aussie Broadband in 2014 to lead its technical support operations and became General Manager Customer Service in 2018. Kevin's detailed and practical approach to customer experience influences all parts of the business in support of residential, small business and corporate/enterprise customers. His IT engineering qualifications include ITIL and Microsoft System Engineer certifications.



Leigh Markham – BComp

General Manager, Service Delivery

Leigh has worked in the IT and telecommunications industry since 2003. He worked for Wideband Networks as a project manager from 2005-06 and joined again in 2011 to manage service delivery. Leigh became General Manager, Service Delivery in 2018. Leigh leads the Company's pre-sales engineering procedures and ensures the Company's complex projects are delivered on time and on budget. He has a Bachelor of Computing from Monash University, is ITIL certified and trained, and is a graduate of the JMW Leader of the Future program.



Matthew Kusi-Appauh – BCom

General Manager, Marketing & Corporate Strategy

Matthew worked as a professional in the university sector before joining Aussie Broadband in 2016 to establish its marketing and strategy functions. He became General Manager, Marketing and Corporate Strategy in 2018. Matthew leads the Company's approach to strategy and brings an energetic focus to its product development initiatives as well as the Company's business intelligence and marketing programs. He holds a Bachelor of Commerce from the University of Wollongong and is a graduate of the JMW Leader of the Future program.

6 Key People, Interests and Benefits

6.3. Directors' interests and benefits

Sections 6.3 to 6.4 set out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter to the Offer,

holds at the Prospectus Date, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

6.3.1. Directors' interests in securities

Directors are not required under the Constitution to hold any securities in the Company. The Directors (and their related parties and associates) are entitled to apply for additional Shares under the Offer.

On the Prospectus Date and on Completion, the Directors will hold the following relevant interests in securities in the Company (either directly or through beneficial interests or entities associated with the Director) as set out in the table below (at the Minimum Subscription and Maximum Subscription respectively).

Figure 6.1: Directors' interests in the Company¹

	Relevant interest in Shares on Prospectus Date		Relevant interest in Shares on Completion				Options held at Completion ²
			Minimum Subscription		Maximum Subscription		
Director	Number	%	Number	%	Number	%	Number
Adrian Fitzpatrick	–	0.00%	25,000 ³	0.01%	25,000 ³	0.01%	–
Phillip Britt	19,546,809	18.78%	19,546,809	10.83%	19,546,809	10.26%	698,228
John Reisinger	19,546,809	18.78%	19,546,809	10.83%	19,546,809	10.26%	189,642
Patrick Greene	12,148,342	11.67%	12,148,342	6.73%	12,148,342	6.38%	–
Richard Dammery	–	0.00%	25,000 ³	0.01%	25,000 ³	0.01%	–
Vicky Papachristos	–	0.00%	25,000 ³	0.01%	25,000 ³	0.01%	–
Total⁴	51,241,960	49.23%	51,316,960	28.43%	51,316,960	26.93%	887,870

Notes:

1. Directors may hold their interests in Shares directly or indirectly through holdings by companies or trusts.
2. These represent Options to be granted under the Company's LTI Plan. Please refer to Sections 6.3.4.3 and 11.4 for more information on the proposed grant of Awards under the LTI Plan and a summary of the LTI Plan rules respectively.
3. These represent Shares the Company has resolved to issue to certain Non-Executive Directors, subject to Completion of the Offer, as a special exertion fee for their involvement in the Offer (please refer to Section 6.3.4.1 for more information). These Non-Executive Directors intend to subscribe for a total of 90,000 New Shares under the Priority Offer.
4. This table does not include any Shares that Directors may acquire under the Offer or any Shares issued upon the exercise of Options.

The details in the table above sets out the Shares and Options to be held on Completion and does not include any Shares that the Directors may apply for under the Offer.

6.3.2. Non-Executive remuneration

Each of the Non-Executive Directors has entered into an appointment letter with the Company, confirming the terms of their appointment, their roles and responsibilities and the Company's expectations of them as Directors.

Under the Constitution, the Board decides the total amount paid to each Director as remuneration for his or her services as a Director of the Company. However, under the Constitution (and the Listing Rules), the total amount paid to all Non-Executive Directors for their services must not exceed in aggregate in any financial year the amount fixed by the Company in general meeting. This amount has been fixed by the Company at \$500,000 per annum.

Annual Non-Executive Directors' fees (inclusive of superannuation) agreed to be paid by the Company are:

- \$80,000 per annum is payable to the Chair;
- \$70,000 per annum is payable to each other Non-Executive Director (being Patrick Greene, Richard Dammerly and Vicky Papachristos); and
- \$5,000 per annum is payable to the chairs of the committees of the Board.

The remuneration of Non-Executive Directors must not include a commission on, or a percentage of, profits or operating revenue.

6.3.3. Executive remuneration

6.3.3.1. Phillip Britt

Phillip is employed as Managing Director and reports to the Board.

Phillip has entered into an Executive Services Agreement (**ESA**) with the Company, which governs his employment with the Company.

Phillip is entitled to total fixed remuneration of \$450,000 per annum (inclusive of superannuation) and a fully maintained company vehicle as payment for his services to the Company.

Phillip is also entitled to participate in the Company's STI Plan (summarised in Section 6.3.4.3) and LTI Plan (summarised in Section 11.4).

Phillip is currently entitled to receive a short term incentive of up to 50% of this total fixed remuneration for key FY21 targets being met and a once off special incentive of \$150,000 on the successful Listing of the Company, under the STI Plan.

Either Phillip or the Company may terminate Phillip's employment by giving 9 months' notice. The Company may elect to make a payment in lieu of notice or can place Phillip on gardening leave for all or part of that notice period. The Company may terminate Phillip's appointment without notice in circumstances warranting summary dismissal.

Phillip's ESA contains express provisions protecting the Company's confidential information and intellectual property, along with post-termination non-compete obligations for a period of up to 12 months, subject to the usual legal constraints.

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6.3.3.2. John Reisinger

John is employed as CTO and reports to the Board. John is also a Director of the Company.

John has entered into an Executive Services Agreement (**ESA**) with the Company, which governs his employment with the Company.

John is entitled to a remuneration package of \$275,000 (inclusive of superannuation and a fully maintained company vehicle) as payment for his services to the Company.

John is also entitled to participate in the Company's STI Plan (summarised in Section 6.3.4.3) and LTI Plan (summarised in Section 11.4).

John is currently entitled to receive a short term incentive of up to 30% of his total fixed remuneration for key FY21 targets being met, under the STI Plan.

Either John or the Company may terminate John's employment by giving 6 months' notice. The Company may elect to make a payment in lieu of notice or can place John on gardening leave for all or part of that notice period. The Company may terminate John's appointment without notice in circumstances warranting summary dismissal.

John's ESA contains express provisions protecting the Company's confidential information and intellectual property, along with post-termination non-compete obligations for a period of up to 12 months, subject to the usual legal constraints.

6.3.4. Other interests and benefits of Directors

6.3.4.1. Other fees and reimbursement

Directors may also be reimbursed for all reasonable travelling and other expenses incurred by the Directors in attending to the Company's affairs including attending and returning from Board meetings or any meetings of committees of Directors and in attending and returning from any general meetings of the Company.

Directors may be paid such additional or special remuneration if they, at the request of the Board, perform any extra services or make special exertions.

Subject to Completion of the Offer, Adrian Fitzpatrick, Richard Dammery and Vicky Papachristos, will each receive Shares to the value of \$25,000 (being 25,000 Shares) as a special exertion fee for their involvement in the Offer.

There are no retirement benefit schemes for Non-Executive Directors, other than statutory superannuation contributions.

6.3.4.2. Directors' protection deeds

The Company has entered into deeds of access, indemnity and insurance with each Director (**Director's Protection Deed**) which confirm and extend the Director's statutory and general law rights of access to Board papers and the books and records of the Company and its Subsidiaries. The Director's Protection Deed provide that the Director be allowed access to inspect and be provided with copies of the records which relate to the period which the Director was acting as a director of the Company.

In accordance with the Constitution, the Company may indemnify any current and former Directors and officers of the Company and its Subsidiaries against any liability incurred by that person in that capacity, including legal costs. The Director's Protection Deed requires the Company to indemnify the Director for liability incurred as an officer of the Company and its Subsidiaries, including reasonably incurred legal costs, to the maximum extent permitted by law.

The Constitution also allows the Company to enter into and pay premiums on contracts insuring any liability incurred by any current and former Directors and officers of the Company and its Subsidiaries, which is incurred by them in that capacity, including legal costs.

Accordingly, the Director's Protection Deed requires the Company to maintain, to the extent permitted by law, an insurance policy which insures the Directors against directors and officers liability while acting as a Director or officer of the Company and its Subsidiaries.

6.3.4.3. Executive incentive arrangements

The Company has established a Long Term Incentive Plan (**LTI Plan**) with effect from Listing to assist in the motivation, retention and reward of Senior Executives. The LTI Plan is designed to align the interests of Senior Executives more closely with the interests of Shareholders by providing an opportunity for eligible Senior Executives to receive an equity interest in the Company through the grant of Options. See Section 11.4 for further details of the LTI Plan.

Under the LTI Plan, Directors, Senior Executives and other key employees identified by the Board can be offered participation in the form of Options and/or Performance Rights (**Awards**). The vesting of those Options and/or Performance Rights will be subject to the satisfaction of any service-based conditions and/or performance hurdles attached to the Awards, as may be determined by the Board.

The Board has resolved to grant Awards for 887,870 Options to Phillip Britt and John Reisinger and 1,024,070 Options to other Senior Executives, with effect from Listing.

The Options to be granted under such Awards will be made on the following key terms:

- each Option will be issued for nil consideration and has a \$1.00 exercise price;
- each Option represents a right to a Share in the Company, subject to vesting condition(s) being met;
- the only vesting condition of the Options is that the Participant must remain employed by the Company (or one of its related entities) on the vesting date of 1 July 2023, upon the satisfaction of which the Options will vest and become exercisable;
- once vested those Options remain exercisable for a period up to 3 years until 30 June 2026, after which time any unvested or unexercised Options will then automatically lapse;
- the exercise of the Options is also subject to the Participant remaining employed by the Company (or one of its related entities) at the time of exercise; and
- the Options are otherwise subject to the rules of the LTI Plan.

Senior Executives (including any Directors who are Senior Executives) may also be eligible to participate in the Company's short term incentive plan (**STI Plan**). Under the STI, a cash bonus can be paid to a Senior Executive, subject to the achievement of a range of financial and non-financial key performance indicators. For FY21F, if a Senior Executive achieves their non-financial key performance indicators, they will be eligible for cash bonuses of up to 50% of their fixed annual remuneration. Any actual bonuses paid may vary as between individual Senior Executives.

6.4. Interests of advisers

The Company has engaged the following professional advisers:

- Shaw and Partners Limited has acted as Lead Manager and Underwriter to the Offer on the terms of the Underwriting Agreement. The Company has paid, or agreed to pay, the Lead Manager the fees described in Section 11.6 of this Prospectus for these services;
- Gadens has acted as Australian legal adviser to the Company in relation to the Offer (excluding in relation to taxation and stamp duty matters). The Company has paid, or agreed to pay, approximately \$310,000 (excluding disbursements and GST) for these services to the Prospectus Date. Further amounts may be paid to Gadens in accordance with its timed-based charge-out rates;
- KPMG Financial Advisory Services (Australia) Pty Limited has acted as the Investigating Accountant and has prepared the Independent Limited Assurance Report for inclusion at Section 8 of the Prospectus. The Investigating Accountant has also performed due diligence enquiries in relation to the Pro Forma Historical Financial Information. The Company has paid, or agreed to pay, approximately \$410,000 (excluding GST) to the Investigating Accountant for these services to the Prospectus Date. Further amounts may be paid to the Investigating Accountant in accordance with their normal time-based charge-out rates; and

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- Findex Group Limited has acted as Corporate Advisor to the Company in relation to the Offer and has prepared the summary of Australian taxation implications under the Offer contained in Section 9 of the Prospectus. The Company has paid, or agreed to pay, Findex Group Limited fees in the amount of 3% (excluding GST) on the gross proceeds raised under the Offer, for these services to the Prospectus Date.

6.5. Corporate Governance

This Section 6.5 explains how the Board will manage the Company's business. The Board is responsible for the overall corporate governance of the Company. Details of the Company's key policies and practices and the charters for the Board and each of its committees will be available from the Prospectus Date at <https://investors.aussiebroadband.com.au>.

The Board monitors the operational and financial position and performance of the Company and oversees its business strategy including approving the strategic goals of the Company. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company.

In conducting business with these objectives, the Board is concerned to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices, which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The main policies and practices adopted by the Company, which will take effect from Listing, are summarised below. In addition, many governance elements are contained in the Constitution.

6.5.1. ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

The Company is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released its ASX Corporate Governance Principles and Recommendations 4th edition (**ASX Recommendations**) for entities listed on the ASX in order to promote investor confidence and to assist companies to meet stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. However, under the Listing Rules, the Company will be required to provide a statement in its annual report or on its website, and also in an Appendix 4G that it must lodge with ASX at the time it lodges its annual report, disclosing the extent to which it has followed the ASX Recommendations during each reporting period. Where the Company does not follow an ASX Recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

6.5.2. Board of Directors

The following table provides information regarding the composition of the Board and the position and independence of each Director.

Figure 6.2: Directors' independence

Director	Position	Independence
Adrian Fitzpatrick	Non-Executive Chair	Independent
Phillip Britt	Executive Director and Managing Director	Not Independent
John Reisinger	Executive Director and CTO	Not Independent
Patrick Greene	Non-Executive Director	Not Independent
Richard Dammery	Non-Executive Director	Independent
Vicky Papachristos	Non-Executive Director	Independent

Biographies of the Directors are provided in Section 6.1.

Each Director has confirmed to the Company that they anticipate being available to perform their duties as a Non-Executive Director or Executive Director (as the case may be), without constraint from other commitments.

The Board considers an independent Director to be a Non-Executive Director who is not a member of the Company's management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board regularly reviews the independence of each Non-Executive Director.

The Board Charter sets out guidelines of materiality for the purpose of determining independence of Non-Executive Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers quantitative and qualitative principles of materiality for the purpose of determining independence on a case-by-case basis. The Board will consider whether there are any factors or considerations that may mean that the Non-Executive Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Non-Executive Director's ability to act in the best interests of the Company.

The Board considers that each of Adrian Fitzpatrick, Richard Dammery and Vicky Papachristos are free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the exercise of the Non-Executive Director's unfettered and independent judgement and is able to fulfil the role of independent Non-Executive Director for the purpose of the ASX Recommendations.

In addition to Phillip Britt and John Reisinger who are Executive Directors (and therefore not considered to be independent), Non-Executive Director Patrick Greene is currently considered by the Board not to be independent due to his role as director of Panama Trial Pty Ltd, a substantial Shareholder of the Company (see Section 11.9 for more information).

Notwithstanding the above, the Board believes that Patrick is able to objectively analyse the issues before him in the best interests of the Company and all Shareholders and in accordance with his duties as a Director.

The following Directors will have a substantial holding (voting power of 5% or more) in the Company upon Completion of the Offer:

- Phillip Britt via his associated entity Digital Interworks Pty Ltd;
- John Reisinger via his associated entity Intertubes Pty Ltd; and
- Patrick Greene via his associated entity Panama Trial Pty Ltd.

Please refer to Sections 6.3.1 and 11.9 for further information on the security holdings of the Directors and substantial Shareholders respectively.

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6.5.3. Board Charter

The Board has adopted a written charter (**Board Charter**) to provide a framework for the effective operation of the Board, which sets out:

- the Board's composition;
- the role and responsibilities of the Board;
- the role and responsibilities of the Chair and Company Secretary;
- the relationship and interaction between the Board and the Managing Director, management and senior leadership team;
- procedure for the conduct of Board meetings;
- the ability of Directors to seek independent advice; and
- the process for periodic performance evaluations of the Board, the Chair, each Director and the Board committees.

The Board's role includes to:

- represent and serve the interests of Shareholders by overseeing and assessing the Company's performance, strategic direction and policies;
- optimise the Company's performance to build sustainable value for Shareholders;
- review the Company's compliance with the Company's "why" (ie the Company's mission and purpose), values and its governance framework; and
- ensure that Shareholders are kept informed of the Company's performance.

6.5.4. Board committees

The Board may from time to time establish committees to assist in the discharge of its responsibilities. In accordance with the Board Charter and ASX Recommendations, the Board has established the following committees:

- Audit, Risk and Compliance Committee; and
- People and Community Committee.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements, and the skills and expertise of individual Directors.

6.5.5. Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee assists the Board in fulfilling its responsibilities for corporate governance and oversight of the Company's financial and corporate reporting, risk management and compliance structures and external functions.

The Audit, Risk and Compliance Committee comprises:

- Vicky Papachristos (Chair);
- Adrian Fitzpatrick;
- Patrick Greene; and
- Richard Dammery.

The Audit, Risk and Compliance Committee Charter sets out:

- the composition of the Audit, Risk and Compliance Committee, including that the Audit, Risk and Compliance Committee should comprise of:
 - only non-executive Directors;
 - a majority of independent Directors of the Company;
 - an independent chair, who is not chair of the Board; and
 - a minimum of three (3) members;
- the Audit, Risk and Compliance Committee's ability to have access to the Company's staff, internal and external auditors and additional information from staff, management, regulatory authorities and auditors for the purposes of carrying out its responsibilities;
- that the Committee may seek the advice of independent advisors on any matter relating to the responsibilities and duties of the Audit, Risk and Compliance Committee; and
- the specific responsibilities of the Audit, Risk and Compliance Committee in relation to:
 - overseeing the Company's relationship with its external and internal auditors and audit functions generally;
 - overseeing the preparation of financial statements and reports;
 - managing the process of identification of risk and the management of risk strategies; and
 - managing the process of compliance with applicable laws, regulations and company policies.

6.5.6. People and Community Committee

The role of the People and Community Committee is to provide advice and assistance to the Board on the Company's people and community activities including making recommendations to the Board on remuneration packages and policies in respect of Directors and Senior Executives of the Company.

The People and Community Committee comprises:

- Richard Dammary (Chair);
- Adrian Fitzpatrick;
- Patrick Greene; and
- Vicky Papachristos.

The People and Community Committee Charter sets out:

- the composition of the People and Community Committee, including that the Committee should comprise of:
 - a minimum of three (3) members; and
 - an independent Director of the Company as chair of the People and Community Committee;
- that the People and Community Committee may seek the advice of independent advisors on any matter relating to the responsibilities and duties of the People and Community Committee; and
- the specific responsibilities of the People and Community Committee in relation to:
 - assisting the Board in developing a skills matrix for the Board and identifying the mix of skills and diversity that the Board currently has or is looking to achieve;
 - assisting the Board in identifying qualified individuals for nomination to the Board;

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- making recommendations in relation to the composition of the Board;
- reviewing the Company's people policies and practices, safety, health and wellbeing policies, performance management and succession planning;
- reviewing the Company's policies and practices on equal opportunity and diversity;
- reviewing and approving the Company's remuneration policy to ensure that the Company's remuneration is competitive and attracts, retains and motivates team members;
- making recommendations to the Board on the Company's equity based remuneration plans available to the executive team and employees; and
- assisting the Board to develop and implement a process to evaluate the performance of the Board as a whole.

6.5.7. Corporate governance policies

6.5.7.1. Continuous disclosure policy

As an entity listed on the ASX, the Company will be subject to the continuous disclosure requirements set out in the Listing Rules and the Corporations Act.

Subject to certain exceptions contained in the Listing Rules, the Company will be required to disclose to the ASX information relating to the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The purpose of the Continuous Disclosure Policy adopted by the Company is to promote awareness of the Company's continuous disclosure requirements and to establish policies and procedures to assist the Directors and management with ensuring compliance with those requirements in relation to the timely disclosure of material price-sensitive information.

The policy:

- provides reporting protocols and processes for determining whether information should be disclosed to the market; and
- designates responsibility for managing and monitoring the Company's compliance with its continuous disclosure obligations.

All relevant information provided to ASX will be posted on the Company's website after ASX confirms the appropriate announcement has been made.

The policy also sets out how the Company intends to communicate with Shareholders to ensure Shareholders have sufficient information to assess the performance of the Company and are informed of all major developments affecting the Company.

The policy sets out:

- the manner in which Company announcements are to be made (including that they must be made in a timely manner, be easily accessible and be clearly expressed);
- the regular communications to be received by Shareholders from the Company;
- the manner in which the Company's website is to be used to communicate with Shareholders; and
- the manner meetings of Shareholders are to be conducted.

In addition, the Company is required by law to communicate to Shareholders through the lodgement of all relevant financial and other information with ASX and, in some instances, mailing information to Shareholders.

6.5.7.2. Securities Trading Policy

The Company has adopted a Securities Trading Policy to:

- ensure that all Directors, officers and employees of the Company and also any contractors or consultants (where the terms of engagement provide that the Securities Trading Policy applies) (**Restricted Persons**) are aware of the Australian insider trading laws as they apply to trading in securities of the Company; and
- protect the reputation of the Company and its Directors and employees by seeking to avoid the misunderstandings that might arise as a result of trading by Directors and others who may be, or may be perceived to be, in possession of inside information.

The policy seeks to achieve its objectives by setting certain parameters and restrictions on the trading in the Company's securities by Restricted Persons.

The policy provides an explanation of insider trading and what trading is prohibited by the Corporations Act. In addition, the policy also provides additional procedures that must be followed by Restricted Persons in relation to trading in the Company's securities. These procedures include:

- prohibitions on trading except during specified trading windows. These trading windows generally commence from market open on the business day following the release to ASX of certain key announcements, namely the release of:
 - the Company's quarterly results for the 1st quarter (Q1) and 3rd quarter (Q3) of each financial year; and
 - the Company's half-year and full-year results,and will close at market close on the day stipulated by the Company in its declaration of the commencement of a trading window. These trading windows will be published on the Company's internal intranet, at <https://investors.aussiebroadband.com.au> and are available from the Company Secretary and Chairperson;
- requirements for prior clearance for trading outside the blackout periods;
- prohibitions on entering into financing arrangements in respect of the Company's securities, unless certain requirements are adhered to;
- prohibitions on short selling of the Company's securities; and
- prohibitions on entering into hedging arrangements.

The policy also provides that the Managing Director, CTO, CFO and their direct reports should make close family members aware of the Securities Trading Policy and the negative perceptions that can arise from family members trading in the Company's securities during blackout periods.

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6.5.7.3. Code of Conduct

The Company has approved the adoption of a formal Code of Conduct which outlines the manner in which the Company expects its Directors and staff to behave and conduct business in the workplace. The Code of Conduct applies to all staff, officers, Directors, associates, contractors, consultants and relevant third parties of the Company.

The objectives of the Code of Conduct are to:

- provide a benchmark for ethical and professional behaviour;
- promote healthy and safe working environments for all staff and Directors;
- ensure that there is compliance with laws, regulations, policies and procedures relevant to the Company;
- ensure there are appropriate mechanisms and procedures in place for staff and Directors to report breaches of the Code of Conduct;
- ensure that staff and Directors are aware of the consequences for breaching the Code of Conduct; and
- ensure any material breach is reported to the Board.

The Code of Conduct is available on the Company's website.

6.5.7.4. Statement of Values

In order to reinforce the Company's values which underpin how the Company undertakes its business, it has adopted a Statement of Values. It outlines the norms and behaviours expected of the Company's Directors, senior leaders, staff and those who the Company seeks to work with. The Company's core values and behaviours are summarised in Section 3.5.1.

6.5.7.5. Whistleblower Policy

The Company has adopted a Whistleblower Policy. The purpose of the Whistleblower Policy is to promote and support a culture of honest and ethical behaviour and encourage disclosure of improper conduct.

The policy ensures that all disclosures made under the policy can be made anonymously and be treated confidentially. Where an individual makes a disclosure on reasonable grounds in accordance with the terms of the policy the Company will act to protect them from any victimisation, adverse reaction or intimidation and ensures that the person's employment or engagement with the Company will not be disadvantaged as a result of the disclosure.

The policy sets out the manner in which the Company will investigate disclosures made under the policy and requires the Company to conduct investigations:

- in a timely and efficient manner;
- thoroughly and in an impartial manner; and
- confidentially to protect the identity of the whistleblower.

The policy also specifies the role and responsibility of the Whistleblower Protection Officers who are responsible for the administration of the policy.

6.5.7.6. Gifts, Entertainment and Anti-Bribery Policy

The Company has adopted a Gifts, Entertainment and Anti-Bribery Policy. The policy seeks to ensure the Company's officers, directors, associates, contractors, consultants and staff:

- do not give or accept gifts and/or benefits that will compromise their integrity or appear to cause a conflict of interest;
- do not give or receive payments of secret commissions;
- are educated on what gifts and benefits are unacceptable and acceptable;
- promote investor confidence in the integrity of the Company and its securities; and
- understand the process to be followed if there is a suspected breach of the policy.

The policy also explains key principles of bribery and corruption and the Company's compliance process including that the Board or a committee of the Board must be notified of all material breaches of the Policy.

6.5.7.7. Occupational Health & Safety Policy

The Company is committed to providing safe and healthy working conditions for all staff, contractors and visitors to its premises in respect of both its physical work environment as well as its systems and culture.

The Company has therefore adopted the Occupational Health & Safety Policy. The objectives of the policy are to:

- ensure the Company is able to provide and maintain, so far as is reasonably practicable, a working environment that is safe, without risks to health and focussed on fairness and respect;
- ensure that the Company's staff are aware that they are responsible for complying with the Company's safety procedures, being aware and respectful of other staff and reporting workplace hazards and risks;
- ensure the Company provides guidance and training in relation to maintaining safe work practices; and
- encourage staff to work safely and be proactive to occupational health and safety concerns.

7

Details of the Offer

7 Details of the Offer

7.1. Introduction

7.1.1. The Offer

This Prospectus relates to the initial public offering (**IPO**) of a minimum of 30.45 million Shares for issue by the Company, at the Offer Price of \$1.00 per Share to raise minimum proceeds of \$30 million (before expenses) (**Minimum Subscription**) and up to a maximum of 40.45 million Shares at the Offer Price of \$1.00 per Share to raise maximum proceeds of \$40 million (before expenses) (**Maximum Subscription**). The Offer under this Prospectus includes an offer of up to 450,000 Shares to Eligible Employees, who can each apply for up to 1,000 Shares for nil consideration.

It is expected there will be a total of 180,525,011 and 190,525,011 Shares on issue at Completion on the Minimum Subscription and the Maximum Subscription respectively. All Shares under the Offer will rank equally with each other. A summary of the rights and liabilities attaching to the Shares is set out in Section 7.18.

If the Minimum Subscription is achieved, the 30.45 million Shares offered under this Prospectus will represent approximately 16.87% of the Shares on issue on Completion of the Offer.

If the Maximum Subscription is achieved, the 40.45 million Shares offered under this Prospectus will represent approximately 21.23% of the Shares on issue on Completion of the Offer.

The Offer is made with disclosure under this Prospectus and is made on the terms and is subject to the conditions set out within this Prospectus.

7.1.2. Structure of the Offer

The Offer comprises:

- the Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors in Australia and certain other jurisdictions (see Section 7.10 for further details on the Institutional Offer);
- the Broker Firm Offer, which is open to Australian resident retail clients of Brokers who have received a firm allocation of Shares from their Broker (see Section 7.4 for further details on the Broker Firm Offer);
- the Priority Offer, which is open to selected investors in Australia nominated by the Company who have received an invitation from the Company to apply for Shares at the Offer Price (see Section 7.5 for further details on the Priority Offer);
- the Customer Offer, which is made to Eligible Customers who have a registered address in Australia (see Section 7.6 for further details on the Customer Offer);
- the Employee Gift Offer, which is open to Eligible Employees that receive an invitation from the Company to acquire, at no cost, the nearest whole number of Shares up to the value of \$1,000 each (see Section 7.7 for further details on the Employee Gift Offer); and
- the Cleansing Offer, which is an offer of 1 New Share at the Offer Price for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Cleansing Offer Closing Date (eg Shares issued on conversion of the Convertible Notes) (see Section 7.12 for further details on the Cleansing Offer).

No general public offer of Shares will be made under the Offer.

The allocation of Shares between the Institutional Offer, Broker Firm Offer, Priority Offer, Customer Offer, Employee Gift Offer will be determined by the Company in consultation with the Lead Manager having regard to the Shares available under the Offer and the allocation policies outlined in Sections 7.4.4, 7.5.4, 7.6.4, 7.7.4 and 7.10.2 of this Prospectus.

The Broker Firm Offer, the Priority Offer and the Institutional Offer are fully underwritten by the Lead Manager. A summary of the key terms of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement, is set out in Section 11.6.

7 Details of the Offer

7.1.3. Purpose of the Offer

The Offer is being conducted to:

- provide the Company with access to capital markets to provide additional financial flexibility and enable the Company to pursue further growth opportunities including the development of adjacent verticals and acquisition opportunities;
- fund development, construction and deployment of the fibre optics network;
- provide the Company with the benefits of an increased public profile that arises from being a listed entity;
- broaden the Company's shareholder base and provide a liquid market for Shares; and
- pay transaction costs.

7.1.4. Sources and Uses of Funds

The table below sets out the proposed use of funds from cash proceeds under the Offer under the Minimum Subscription and the Maximum Subscription (expected to be \$30 million and \$40 million respectively, before expenses). No funds will be raised from the Employee Gift Offer.

The aggregate estimated use of funds does not take into account the Company's ability to avail itself of existing cash reserves to support its business objectives and operations. The use of funds remains subject to any intervening events and new circumstances which have the potential to affect the manner in which the funds are ultimately applied. The Board retains the right to vary the use of funds, acting in the best interest of the Company and Shareholders and as circumstances require.

Figure 7.1: Sources and uses of funds

	Minimum Subscription		Maximum Subscription	
Sources of funds	\$	%	\$	%
Offer proceeds from the issue of New Shares	30,000,000	100.00%	40,000,000	100.00%
Total	30,000,000	100.00%	40,000,000	100.00%
Use of funds	\$	%	\$	%
Deployment of fibre optic network	20,000,000	66.67%	26,500,000	66.25%
Working capital and marketing	7,000,000	23.33%	10,000,000	25.00%
Costs associated with the Offer	3,000,000	10.00%	3,500,000	8.75%
Total	30,000,000	100.00%	40,000,000	100.00%

7.2. Terms and conditions of the Offer

Figure 7.2: Terms and conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in the Company).
What are the rights and liabilities attached to the Shares?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.18.
What is the consideration payable for each Share being offered?	The Offer Price is \$1.00 per Share.
What is the Offer Period?	<p>The key dates, including details of the Offer Period, are set out in the Timetable on page 4 of this Prospectus. No shares will be issued on the basis of this Prospectus later than the Expiry Date.</p> <p>The Timetable is indicative only and may change. Unless otherwise indicated, all times are stated in Melbourne time (AEST).</p> <p>The Company and the Lead Manager may vary the times and dates without notice (including, subject to the Listing Rules and the Corporations Act, to close the Offer early, to extend the Offer Period relating to any component of the Offer, to accept late applications, either generally or in particular cases, or to cancel or withdraw the Offer before Completion, in each case without notifying any recipient of this Prospectus or any applicants).</p> <p>If the Offer is cancelled or withdrawn before Completion, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.</p>
What are the cash proceeds to be raised under the Offer?	If the Offer proceeds, \$30 million will be raised under the Offer under the Minimum Subscription, with the ability to accept up to a further \$40 million if Maximum Subscription is achieved.

7 Details of the Offer

Topic	Summary
How is the Offer structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> • the Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors in Australia and certain other jurisdictions; • the Broker Firm Offer, which is open to Australian resident retail clients of Brokers who have received a firm allocation of Shares from their Broker; • the Priority Offer, which is open to selected investors in Australia nominated by the Company who have received an invitation from the Company to apply for Shares at the Offer Price; • the Customer Offer, which is made to Eligible Customers who have a registered address in Australia; • the Employee Gift Offer, which is open to Eligible Employees that receive an invitation from the Company to acquire, at no cost, the nearest whole number of Shares up to the value of \$1,000 each; and • the Cleansing Offer, which is an offer of 1 New Share at the Offer Price for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Cleansing Offer Closing Date (eg Shares issued on conversion of the Convertible Notes and the Shares to be issued to certain Non-Executive Directors as a special exertion fee for their involvement in the Offer). <p>No general public offer of Shares will be made under the Offer.</p>
Is the Offer underwritten?	<p>The Offer is partially underwritten by the Lead Manager. The Lead Manager has fully underwritten the Institutional Offer, the Broker Firm Offer and the Priority Offer pursuant to the Underwriting Agreement. Please refer to Section 11.6 for further details on the Underwriting Agreement.</p>
Who is the Lead Manager and Underwriter for the Offer?	<p>Shaw and Partners Limited has acted as Lead Manager and Underwriter to the Offer on the terms of the Underwriting Agreement.</p>

Topic	Summary
<p>What is the minimum and maximum application size under the Offer?</p>	<p>Broker Firm Offer</p> <p>The minimum Application under the Broker Firm Offer is as directed by the Applicant's Broker and there is no maximum value of Shares that may be applied for under the Broker Firm Offer. The Company, in conjunction with the Lead Manager, reserves the right to treat any Applications in the Broker Firm Offer that are from persons whom the Company believes may be Institutional Investors, as Applications in the Institutional Offer or to reject the Application(s). The Company, in conjunction with the Lead Manager, also reserves the right to aggregate any Applications that the Company believes may be Applications from the same person.</p> <p>Priority Offer</p> <p>The personalised invitation for Applicants, who have received an invitation for Shares under the Priority Offer, will indicate the minimum and maximum number of Shares, which that Applicant may apply for under the Priority Offer.</p> <p>Customer Offer</p> <p>The minimum Application under the Customer Offer must be for \$2,000 worth of Shares (being 2,000 Shares) while the maximum Application is for \$10,000 worth of Shares (being 10,000 Shares).</p> <p>Employee Gift Offer</p> <p>Under the Employee Gift Offer, Eligible Employees will be offered the opportunity to apply for a gift of up to \$1,000 worth of Shares (being 1,000 Shares) for no consideration as stated in their Employee Gift Offer invitation received from the Company.</p> <p>Institutional Offer</p> <p>There is no minimum or maximum value of Shares that may be applied for under the Institutional Offer.</p> <p>Cleansing Offer</p> <p>As the Cleansing Offer is an offer of up to 1 Share, the minimum and maximum value of Shares that may be applied for under the Cleansing Offer is \$1.00, being the Offer Price payable for 1 Share.</p>

7 Details of the Offer

Topic	Summary
What is the allocation policy?	<p>The allocation of Shares between the Broker Firm Offer, the Priority Offer, the Customer Offer, the Employee Gift Offer and the Institutional Offer will be determined by the Company, in consultation with the Lead Manager, having regard to the allocation policies outlined in Sections 7.4.4, 7.5.4, 7.6.4, 7.7.4 and 7.10.2 of this Prospectus.</p> <p>The Company, in consultation with the Lead Manager has absolute discretion regarding the basis of allocation of Shares amongst Applicants and may, with the approval of the Lead Manager, reject an Application or allocate a lesser number of Shares than applied for. The Company also reserves the right to aggregate any Applications that it believes may be multiple Applications from the same person.</p> <p>No assurance can be given that any Applicant under the Offer will be allocated all or any Shares applied for. The Company will not be liable to any person not allocated Shares or not allocated the full amount applied for.</p> <p>Broker Firm Offer</p> <p>For Broker Firm Offer Applicants, the relevant Broker will decide how they allocate Shares among their clients.</p> <p>Priority Offer</p> <p>Allocations under the Priority Offer will be at the Company's absolute discretion.</p> <p>Customer Offer</p> <p>Up to \$10 million worth of Shares are available under the Customer Offer. The allocation of Shares under the Customer Offer will be determined by the Company in its absolute discretion. However if the Customer Offer is oversubscribed, the first 5,000 Eligible Customers that submit valid Applications and complete payment of the corresponding Application Monies will receive a guaranteed minimum allocation of \$2,000 worth of Shares (being 2,000 Shares).</p> <p>Employee Gift Offer</p> <p>As noted above, under the Employee Gift Offer, Eligible Employees will be offered the opportunity to apply for up to \$1,000 worth of Shares (being 1,000 Shares) at no cost.</p> <p>Institutional Offer</p> <p>The allocation of Shares among Applicants under the Institutional Offer will be determined by the Company and the Lead Manager.</p>

Topic	Summary
When will I receive confirmation that my Application has been successful?	<p>It is expected that initial holding statements will be dispatched by standard post on or about 30 October 2020.</p> <p>Refunds (without interest) to Applicants who make an Application and are scaled back (or otherwise receive Shares having a lesser value than the amount of Applications Monies they have paid) will be made as soon as possible after Completion, which is expected to occur on or about 26 October 2020.</p>
Can the Offer be withdrawn?	<p>The Company reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants.</p> <p>If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.</p>
Will the Shares be quoted on the ASX?	<p>The Company will apply to ASX for admission to the Official List and quotation of Shares on ASX (which is expected to be under the code "ABB").</p> <p>Completion is conditional on ASX approving this application. If approval is not given within 3 months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest, as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The Company will be required to comply with the Listing Rules, subject to any waivers obtained by the Company from time to time.</p> <p>ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered under this Prospectus.</p>
When are the Shares expected to commence trading?	<p>It is expected that trading of the Shares on ASX will commence on or about 27 October 2020, on a normal settlement basis.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.</p> <p>The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, even if such person received confirmation of allocation from the Offer Information Line, from a Broker or otherwise.</p>

7 Details of the Offer

Topic	Summary
Is the Offer conditional?	<p>Yes. The contracts formed on acceptance of application and confirmation of allocations of Shares will be conditional on:</p> <ul style="list-style-type: none"> • the ASX agreeing to admit the Company to the Official List and quote the Shares; • the Company satisfying the Minimum Subscription condition under the Offer to raise \$30 million (before costs of the Offer); and • Completion in respect of the allotment of Shares in accordance with the Underwriting Agreement. <p>The Company will not issue any New Shares until these conditions are satisfied. If ASX does not grant permission for Official Quotation of Shares within three (3) months after the Prospectus Date or if the Minimum Subscription is not achieved within four (4) months after the Prospectus Date, or in each case such longer period as is permitted under the Corporations Act, the Company will not proceed with the Offer and will repay all Application Monies received under the Offer without interest.</p> <p>Trades in Shares occurring on the ASX before their issue occurring will be conditional on the above matters occurring and the issue of Shares to successful Applications under the Offer.</p>
Are there any escrow arrangements?	No, please refer to Section 11.5 for further details.
Has any ASIC relief or ASX waiver been sought, obtained or been relied on?	Yes, please refer to Sections 11.12 and 11.13 for further details.
Are there any tax considerations?	<p>Given that the taxation consequences of an investment will depend upon the investor's particular circumstances, it is the obligation of each investor to make their own enquiries concerning the taxation consequences of an investment in the Company.</p> <p>If you are in doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser.</p> <p>An overview of the general taxation considerations is included in Section 9.</p>

Topic	Summary
How can I apply?	<p>Broker Firm Offer Please refer to Section 7.4.2 for further details.</p> <p>Priority Offer Please refer to Section 7.5.2 for further details.</p> <p>Customer Offer Please refer to Section 7.6.2 for further details.</p> <p>Employee Gift Offer Please refer to Section 7.7.2 for further details.</p> <p>Institutional Offer Please refer to Section 7.10.1 for further details.</p> <p>Cleansing Offer Application for the Share under the Cleansing Offer must be made using the Cleansing Offer Application Form. You should not complete a Cleansing Offer Application Form unless specifically directed to do so by the Company. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.</p>
Are there any brokerage, commission or stamp duty considerations?	<p>No brokerage, commission or stamp duty is payable by applicants on acquisition of Shares under the Offer.</p>
What should you do with any enquiries?	<p>All enquiries in relation to this Prospectus should be directed to the Offer Information Line on 1800 677 648 (within Australia) or +61 1800 677 648 (outside Australia) from 8:30am to 5:30pm (Melbourne time), Monday to Friday (excluding public holidays).</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker.</p> <p>If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.</p>

7 Details of the Offer

7.3. Capital Structure

7.3.1. Shares

As at the Prospectus Date, the Company has 104,086,766 Shares on issue. After the Prospectus Date and following Completion, the Company anticipates that the following Shares will be issued:

- 45,913,245 Shares will be issued upon conversion of the Convertible Notes (this is an estimate only based on the estimated aggregate principal and accrued interest on the Convertible Notes which will be converted into Shares, for more information, please refer to Section 7.3.2);
- 75,000 Shares will be issued to certain Non-Executive Directors as a special exertion fee for their involvement in the Offer; and
- 30.45 million and 40.45 million Shares will be issued under the Offer at the Minimum Subscription and Maximum Subscription respectively.

The details of the anticipated ownership of Shares immediately prior to and on Completion are summarised in the table below (at the Minimum Subscription and Maximum Subscription respectively).

Figure 7.3: Share capital structure

Shareholder	Shares held at Prospectus Date		Shares held at Completion			
			Minimum Subscription		Maximum Subscription	
	Number	%	Number	%	Number	%
Directors ¹	51,241,960	49.23%	51,316,960	28.43%	51,316,960	26.93%
Senior Management ²	1,632,160	1.57%	1,632,160	0.90%	1,632,160	0.86%
Other Existing Shareholders ³	51,212,646	49.20%	97,125,891 ⁴	53.80%	97,125,891 ⁴	50.98%
Eligible Employees	–	0.00%	450,000 ⁵	0.25%	450,000 ⁵	0.24%
New Shareholders	–	0.00%	30,000,000 ⁶	16.62%	40,000,000 ⁶	20.99%
Total⁷	104,086,766	100.00%	180,525,011	100.00%	190,525,011	100.00%

Notes:

1. Directors may hold their interests in Shares directly or indirectly through holdings by companies or trusts. This includes 75,000 Shares to be issued to certain Non-Executive Directors as a special exertion fee for their involvement in the Offer (please refer to Section 6.3.4.1 for more information).
2. Senior Executives may hold their interests in Shares directly or indirectly through holdings of companies or trusts.
3. This includes sophisticated and professional investors who at the Prospectus Date hold Convertible Notes that will convert into Shares immediately prior to Completion.
4. This includes 45,913,245 Shares to be issued to the Noteholders upon the conversion of the Convertible Notes. Please refer to Section 7.3.2 for more information on the estimated Shares to be issued to the Noteholders immediately prior to Completion.
5. This assumes full participation by all 450 Eligible Employees under the Employee Gift Offer. Some Eligible Employees are existing Shareholders.
6. This excludes the 1 Share offered under the Cleansing Offer.
7. This table does not include any Shares that existing Shareholders (or any other person that becomes a Shareholder prior to Completion) may wish to acquire under the Offer or any Shares issued upon the exercise of Options.

7.3.2. Convertible Notes

On or around October 2019, the Company completed a fundraising to raise \$25 million via the issue of 250,000 Convertible Notes, each with a face value of \$100 and accruing interest at 10% per annum.

Under the terms of the Convertible Notes, if the Company completes an IPO (such as contemplated in connection with the Offer) all amounts of principal and accrued interest outstanding on the Convertible Notes (**Conversion Amount**) automatically convert upon (or immediately prior to) the issue and allotment of Shares under a successful IPO. Upon conversion of the Convertible Notes (including accrued and unpaid interest) a total of 45,913,245 Shares will be issued to Noteholders.

If the Company does not complete an IPO or other exit event (such a trade sale of all the Company's assets or a sale of all Shares on issue as at the Prospectus Date) within 18 months after the date the Convertible Notes are issued, then, in accordance with the terms of the Convertible Notes, the Conversion Amount outstanding at such time must be fully redeemed. All Convertible Notes were issued on or around October 2019, therefore all Convertible Notes will mature and must be redeemed on or around April 2021.

7.3.3. Options

As at the Prospectus Date, the Company does not have any Options on issue.

However, as outlined in Section 6.3.4.3, the Board has resolved to grant Awards for 1,911,940 Options under the LTI Plan, with effect from Completion. Accordingly, upon Completion, there will be a total of 1,911,940 Options on issue.

7.3.4. Control implications of the Offer

The Directors do not expect any Shareholder to 'control' the Company on Completion (as that term is defined in Section 50AA of the Corporations Act) under the Minimum Subscription or the Maximum Subscription. For details of the Shareholders that are anticipated to be substantial Shareholders (being those parties with relevant interests in more than 5% of the Shares) on Completion, please refer to Section 11.9.

7.3.5. Potential effect of the fundraising on the future of the Company

The Directors believe that on Completion, the Company will have sufficient funds available from cash proceeds of the Offer to fulfil the purposes of the Offer and meet the Company's stated business objectives.

7.4. Broker Firm Offer

7.4.1. Who may apply

The Broker Firm Offer is open to retail clients of Brokers who have received a firm allocation of Shares from their Broker and who have a registered address in Australia and are not located in the United States. Investors who have been offered a firm allocation by a Broker will be treated as an Applicant under the Broker Firm Offer in respect of that allocation.

You should contact your Broker to determine whether you can receive an allocation of Shares under the Broker Firm Offer. The Broker Firm Offer is not a general public offer and is not open to Institutional Investors (unless they are a Sophisticated Investor) or persons in the United States.

7 Details of the Offer

7.4.2. How to apply

If you have received an allocation of Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a copy of the Prospectus and the Broker Firm Offer Application Form or download a copy of these documents at <http://investors.aussiebroadband.com.au>. An Applicant's Broker will act as their agent and it is an Applicant's Broker's responsibility to ensure that an Applicant's Broker Firm Offer Application Form and Application Monies are received before 5:00pm (Melbourne time) on the Closing Date or any earlier closing date as determined by an Applicant's Broker.

Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus or any replacement or supplementary prospectus. Applicants under the Broker Firm Offer must complete and lodge their Application Form with the Broker from whom they received their firm allocation. Application Forms must be completed in accordance with the instructions given to an Applicant by their Broker and the instructions set out on the reverse of the Application Form.

Applicants under the Broker Firm Offer should contact their Broker about the minimum and maximum Application size. The Company and the Lead Manager reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person. The Company may determine a person to be eligible to participate in the Broker Firm Offer and may amend or waive the Broker Firm Offer Application procedures or requirements, in its discretion in compliance with applicable laws.

The Company, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by Applicants' Brokers in connection with their Application.

The Broker Firm Offer opens at 9:00am (Melbourne time) on Tuesday, 22 September 2020 and is expected to close at 5:00pm (Melbourne time) on Monday, 19 October 2020. The Company and the Lead Manager may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer or any part of it may be closed at any earlier time and date, without further notice. An Applicant's Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible and should contact their Broker for instructions.

7.4.3. How to pay

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by that Broker.

7.4.4. Allocation policy under the Broker Firm Offer

The allocation of Shares to the Broker Firm Offer, and the identity and level of participation of Brokers participating in the Broker Firm Offer, has been determined by the Company in consultation with the Lead Manager. Shares that have been allocated to Brokers for allocation to their Australian resident clients will be issued or transferred to the Applicants nominated by those Brokers (subject to the right of the Company and the Lead Manager to reject, aggregate or scale back Applications).

It will be a matter for each Broker as to how they allocate Shares among their Australian resident retail clients, and they (and not the Company or the Lead Manager) will be responsible for ensuring that Australian resident retail clients who have received a firm allocation from them receive the relevant Shares. Applicants under the Broker Firm Offer should confirm their allocation through the Broker from whom they received their allocation. However, if an Applicant sells Shares before receiving a holding statement, an Applicant does so at their own risk, even if an Applicant obtained details of their holding from the Offer Information Line or confirmed their allocation through a Broker.

The Company and its directors, officers, representatives and advisers, the Lead Manager and the Share Registry disclaim all liability, whether in negligence or otherwise, if Applicants sell Shares before receiving their holding statement even if they obtained details of their holding from the Offer Information Line or confirmed their allocation through a Broker.

The Company expects to announce the final allocation policy under the Broker Firm Offer on or about Completion. Applicants under the Broker Firm Offer will be able to call the Offer Information Line on 1800 677 648 (within Australia) or +61 1800 677 648 (outside Australia) from 8:30am to 5:30pm (Melbourne time), Monday to Friday (excluding public holidays) to confirm their allocation. Applicants under the Broker Firm Offer, including those outside Australia, will also be able to confirm their allocation through the Broker from whom they received their allocation.

7.5. Priority Offer

7.5.1. Who may apply

The Priority Offer is open to investors who have a registered address in Australia who have received an invitation to participate in the Priority Offer from the Company and are not located in the United States. If you have been invited by the Company to participate in the Priority Offer you will be treated as an Applicant under the Priority Offer in respect of those Shares that are allocated to you and you will receive a personalised invitation to apply for Shares in the Priority Offer.

The Priority Offer is not open to US Persons.

7.5.2. How to apply

If you have received a personalised invitation to apply for Shares under the Priority Offer and you wish to apply for all or some of those Shares, you should follow the instructions on your personalised invitation.

The personalised invitation for Applicants, who have received an invitation for Shares under the Priority Offer, will indicate the minimum and maximum number of Shares, which that Applicant may apply for under the Priority Offer.

The Priority Offer opens at 9:00am (AEST) on Tuesday, 22 September 2020 and is expected to close at 5:00pm (AEST) on Monday, 19 October 2020. The Company and the Lead Manager may elect to close the Priority Offer early, extend the Priority Offer or any part of it, or accept late Applications either generally or in particular cases. The Priority Offer may be closed at any earlier date and time, without further notice. The Company and the Lead Manager take no responsibility for any failure to receive Application Monies before the close of the Offer Period arising as a result of, amongst other things, delays in processing of payments by financial institutions. Applicants are therefore encouraged to submit their Applications as early as possible.

7.5.3. How to pay

Applicants under the Priority Offer must pay for Shares applied for following the instructions on their personalised invitation.

7.5.4. Allocation policy under the Priority Offer

Offers under the Priority Offer will be at the absolute discretion of the Company.

Applicants under the Priority Offer will receive a guaranteed allocation up to and including the amount indicated on their personalised invitation. Allocations under the Priority Offer will be at the discretion of the Company, in consultation with the Lead Manager.

7 Details of the Offer

7.6. Customer Offer

7.6.1. Who may apply

All Eligible Customers who have received a Customer Offer invitation are entitled to participate in the Customer Offer and may apply for Shares under the Customer Offer. The Customer Offer is open to persons residing in Australia who are account holders of a subscription for any of the Company's products or services, which product or service is active as at 11:59pm (Melbourne time) on 7 September 2020 (**Eligible Customer**). Any shortfall under the Customer Offer will form part of the Customer Offer Shortfall and will be placed by the Lead Manager on a best endeavours basis under the Customer Offer Shortfall Bookbuild (see Section 7.6.5 for more information).

Eligible Customers will receive an invitation containing their Customer Number and one time unique PIN number to apply for Shares under the Customer Offer before the Opening Date which will provide Eligible Customers with a link directing Eligible Customers to the Offer Website. A copy of this Prospectus and the Application Form will be made available at <http://investors.aussiebroadband.com.au>. The Company and the Lead Manager take no responsibility for any failure to receive an invitation to participate in the Customer Offer. Only one (1) Application may be submitted in relation to each Customer Number.

7.6.2. How to apply

Applications must be received by the Share Registry by 5:00pm (AEST) on or before the Customer Offer Closing Date or any earlier closing date as determined by the Company. Eligible Customers who wish to apply for Shares under the Customer Offer must apply for Shares by submitting an Application Form on the Offer Website in accordance with their invitation. Eligible Customers must comply with the instructions on their invitation and the Application Form.

Eligible Customers may apply for Shares to be held in the name of the Eligible Customer or as otherwise nominated by the Eligible Customer.

If an Eligible Customer has more than one customer account with the Company and accordingly, has multiple unique Customer Numbers, that Eligible Customer may submit no more than one Application under the Customer Offer. Furthermore, Applications under the Customer Offer must be for a minimum of \$2,000 worth of Shares and a maximum of \$10,000 worth of Shares. There is a guaranteed minimum allocation of \$2,000 worth of Shares (being 2,000 Shares) for the first 5,000 Eligible Customers who submit valid Applications under the Customer Offer and complete payment of the corresponding Application Monies. These requirements apply for the Application by the Eligible Customer and/or each nominee of the Eligible Customer.

Applicants should read this Prospectus carefully and in its entirety before deciding whether to apply under the Customer Offer. If Applicants are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for them, Applicants should seek professional guidance from their accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

The Company will not accept a completed Application Form if it has reason to believe that the Applicant is not an Eligible Customer, the Applicant has submitted more than one Application under the Customer Offer, the Applicant has not received a complete copy of the Prospectus or the Company has reason to believe that the Application Form has been altered or tampered with in any way.

The Customer Offer opens at 9:00am (AEST) on Tuesday, 22 September 2020 and is expected to close at 5:00pm (AEST) on Monday, 12 October 2020. Applications must be received by the Share Registry by 5:00pm (AEST) on or before the Customer Offer Closing Date or any earlier closing date as determined by the Company. The Company and the Lead Manager may elect to close the Customer Offer early, extend the Customer Offer or any part of it, or accept late Applications either generally or in particular cases, without further notice. In particular the Company intends to close the Customer Offer upon the Company receiving valid Applications from 5,000 Eligible Customers (along with payment of the corresponding Application Monies) who will each receive a guaranteed minimum allocation of \$2,000 worth of Shares, representing an aggregate of \$10 million worth of Shares under the Customer Offer.

The Company and the Lead Manager take no responsibility for any failure to receive Application Monies before the close of the Offer Period arising as a result of, amongst other things, delays in processing of payments by financial institutions. Applicants are therefore encouraged to submit their Applications as early as possible.

7.6.3. How to pay

Applicants under the Customer Offer must pay their Application Monies via BPAY® in accordance with the instructions on the Customer Offer Application Form generated on the Offer Website.

When completing their BPAY® payment, Applicants should ensure to use the specific Biller Code and unique Customer Number provided to them or generated by the online Customer Offer Application Form. Application Monies paid by must be received by the Share Registry by no later than 5:00pm (AEST) on Monday, 12 October 2020 and it is Applicants' responsibility that this occurs.

For more information, Applicants under the Customer Offer should refer to the Offer Website or contact the Offer Information Line on 1800 677 648 (within Australia) or +61 1800 677 648 (outside Australia) from 8:30am to 5:30pm (Melbourne time), Monday to Friday (excluding public holidays).

7.6.4. Allocation policy under the Customer Offer

The Customer Offer is capped at \$10 million and Applications under the Customer Offer must be for a minimum of \$2,000 worth of Shares (being 2,000 Shares) and up to a maximum of \$10,000 worth of Shares (being 10,000 Shares). There is a guaranteed minimum allocation of \$2,000 worth of Shares (being 2,000 Shares) for the first 5,000 Eligible Customers that submit valid Applications under the Customer Offer and complete payment of the corresponding Application Monies.

If the Company receives valid Applications under the Customer Offer from more than 5,000 Eligible Customers, the Company intends to scale back and accept the Applications received from the first 5,000 Eligible Customers that have submitted valid Applications and completed payment of the corresponding Application Monies. Those 5,000 Eligible Customers will then receive their guaranteed minimum allocation of \$2,000 worth of Shares (being 2,000 Shares) while all other Applications will be rejected. Eligible Customers are therefore encouraged to submit their Applications under the Customer Offer as early as possible after the Opening Date.

If the Company receives valid Applications from less than 5,000 Eligible Customers the Company may be required to scale back Applications in accordance with the maximum cap of \$10 million on the Customer Offer.

Eligible Customers who have submitted valid Applications but whose Applications are not accepted whether partly or in full, will have their Application Monies refunded in accordance with Section 7.9.

7.6.5. Customer Offer Shortfall

If the Customer Offer is undersubscribed, any shortfall under the Customer Offer (**Customer Offer Shortfall**) will be offered under an institutional shortfall bookbuild conducted by the Lead Manager to Institutional Investors who are eligible to participate in the Institutional Offer on a best endeavours basis (**Customer Offer Shortfall Bookbuild**).

If undertaken, the Customer Offer Shortfall Bookbuild is expected to commence on the Customer Offer Closing Date and complete on or before the Closing Date.

The Company, in conjunction with the Lead Manager, has absolute discretion regarding the basis of allocation of Shares under the Customer Offer Shortfall Bookbuild. However, the Company intends to allocate priority to bids under the Customer Offer Shortfall Bookbuild on a pro rata basis to Institutional Investors that did not receive their full allocation of Shares applied for under the Institutional Offer, and otherwise in accordance with the allocation policy referred to in Section 7.10.2.

7 Details of the Offer

7.7. Employee Gift Offer

7.7.1. Who can apply

All Eligible Employees of the Company who have received an Employee Gift Offer invitation are entitled to participate in the Employee Gift Offer and may apply for Shares under the Employee Gift Offer. Each Eligible Employee may submit no more than one Application under the Employee Gift Offer.

Eligible Employees are all permanent full-time and part-time employees of the Company resident in Australia and who are still employed by the Company as at 5:00pm (Melbourne time) on 14 September 2020 and who have not, at that time, given or received notice that their employment will cease.

Directors, senior executives, casual employees and employees resident outside of Australia are not eligible to participate in the Employee Gift Offer.

Eligible Employees will receive an invitation to apply for Shares under the Employee Gift Offer on the Opening Date which will provide Eligible Employees with a link directing Eligible Employees to the Offer Website. A copy of this Prospectus and the Application Form will be made available at <http://investors.aussiebroadband.com.au>.

Eligible Employees should read the invitation carefully and in its entirety before deciding whether to apply for Shares under the Employee Gift Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

The Company will not accept a completed Application Form if it has reason to believe the Applicant is not an Eligible Employee, has submitted more than one Application under the Employee Gift Offer, has not received a complete copy of the Prospectus or it has reason to believe that the Application Form has been altered or tampered with in any way.

The Employee Gift Offer opens at 9:00am (AEST) on Tuesday, 22 September 2020 and is expected to close at 5:00pm (AEST) on Monday, 19 October 2020. The Company and the Lead Manager may elect to close the Employee Gift Offer or extend the Employee Gift Offer or accept late Applications either generally or in particular cases. The Employee Gift Offer may be closed at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible.

7.7.2. How to apply

Eligible Employees who wish to apply for Shares under the Employee Gift Offer must apply for Shares by submitting an Application Form on the Offer Website in accordance with their invitation. Eligible Employees must comply with the instructions on their invitation and the Application Form.

Applications must be received by the Share Registry by 5:00pm (AEST) on or before the Closing Date or any earlier closing date as determined by the Company.

Applications under the Employee Gift Offer may be for up to \$1,000 worth of Shares, being 1,000 Shares based on the Offer Price.

7.7.3. How to pay

No payment for Shares is required for the Employee Gift Offer.

7.7.4. Allocation Policy under the Employee Gift Offer

Eligible Employees who submit a valid Application will receive a guaranteed allocation of \$1,000 of Shares (being 1,000 Shares based on the Offer Price) or such lesser value of Shares applied for (based on the Offer Price). The aggregate number of Shares issued under the Employee Gift Offer will not exceed 450,000 Shares.

7.7.5. Confirmation of allocation

Applicants under the Employee Gift Offer will be able to call the Offer Information Line on 1800 677 648 (within Australia) or +61 1800 677 648 (outside Australia) from 8:30am to 5:30pm (Melbourne time), Monday to Friday (excluding public holidays) to confirm their allocation.

Holding statements confirming Applicants' allocations under the Employee Gift Offer are expected to be sent to successful Applicants on or around 30 October 2020. However, if Applicants sell Shares before receiving a holding statement, they do so at your own risk, even if they obtained details of their holding from the Offer Information Line. See also Section 7.17.3.

7.7.6. Restrictions on disposing of Shares

Eligible Employees may not sell, transfer or otherwise dispose of any Shares acquired under the Employee Gift Offer for a minimum period of 3 years from the date of issue, unless the Eligible Employee ceases to be employed by the Company, if the Board allows it or the dealing is required by law.

The Company will implement necessary arrangements to give effect to this restriction. By applying for Shares under the Employee Gift Offer, Eligible Employees will be agreeing to the imposition of any restriction, including a holding lock, on a sale, transfer or disposal of those Shares.

7.8. Acceptance of Applications under the Broker Firm Offer, Priority Offer, Customer Offer and Employee Gift Offer

An Application under the Broker Firm Offer, the Priority Offer, the Customer Offer and the Employee Gift Offer (**Relevant Offers**) is an offer by the Applicant to the Company to apply for Shares in the dollar amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement Prospectus) and the Application Form (including the acknowledgements in Section 7.11). To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable.

By making an Application, Applicants declare that they (or in the case of the Customer Offer, any nominee) were given access to this Prospectus or any replacement or supplementary Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company, with the approval of the Lead Manager, reserves the right to scale back or reject Applications in whole or in part, without giving any reason. Accordingly, an Application may be accepted by the Company in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant.

The Company, in consultation with the Lead Manager, reserves the right to:

- reject any Application which is not correctly completed, or which is submitted by a person who it believes is ineligible to participate in the Relevant Offers;
- waive or correct any errors made by the Applicant in completing their Application amend;
- waive the procedures or requirements of Applications under the Relevant Offers, in its discretion in compliance with applicable laws; or
- aggregate any Applications (or aggregation of Applications) which it believes may be from an Institutional Investor or are for more than \$250,000 worth of Shares.

7 Details of the Offer

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies provided, by the Offer Price (rounded down to the nearest whole number of Shares). Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be determined by the Applicant's Broker.

Successful Applicants in the Relevant Offers will be issued Shares at the Offer Price. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants, conditional on Completion.

7.9. Application Monies

Application Monies received under the Relevant Offers will be held in a special purpose account until Shares are issued to Successful Applicants. Applicants under the Relevant Offers whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for will receive a refund of all or part of their Application Monies, as applicable. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company or the relevant Broker if applicable.

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover the amount of their BPAY[®] payment, electronic funds transfer or other valid payment method (as applicable). If the amount of an Applicant's BPAY[®] payment, electronic funds transfer or other valid payment method (as applicable) is less than the amount specified on the Application Form, Applicants may be taken to have applied for such lower dollar amount of Shares.

7.10. Institutional Offer

7.10.1. Invitations to bid

The Institutional Offer consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares at the Offer Price. The Lead Manager has separately advised Institutional Investors of the Application procedures for the Institutional Offer.

7.10.2. Allocation policy under the Institutional Offer

The allocation of Shares between the Institutional Offer, Broker Firm Offer and Priority Offer was determined by the Company, in consultation with the Lead Manager. The Company in consultation with the Lead Manager, has absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer will be advised of their allocation of Shares, if any, by the Lead Manager. The allocation policy will be influenced, but not constrained, by the following factors:

- number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- the Company's desire for an informed and active trading market following Completion;
- the Company's desire to establish a wide spread of Institutional Shareholders;
- overall level of demand under the Broker Firm Offer, Priority Offer, Customer Offer, Institutional Offer and Employee Gift Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long-term Shareholders; and
- any other factors that the Company and the Lead Manager considered appropriate.

7.11. Acknowledgments

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once the Company, Share Registry or a Broker receives an Application Form, it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company and the Lead Manager and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that the Company may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and tax issues) of the Applicant(s);
- declared that the Applicant(s) is/are a resident of Australia or New Zealand (except as applicable to the Institutional Offer);
- acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

7.12. Cleansing Offer

The Cleansing Offer is an offer of 1 Share at the Offer Price. The Share offered under the Cleansing Offer will rank equally with the existing Shares on issue. A summary of the material rights and liabilities attaching to the Shares is set out in Section 7.18.

The purpose of the Cleansing Offer is to remove the need for an additional disclosure document to be issued upon the sale of any Shares that are issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Cleansing Offer Closing Date (including Shares issued on conversion of the Convertible Notes and the Shares to be issued to certain Non-Executive Directors as a special exertion fee for their involvement in the Offer).

Application for the Share under the Cleansing Offer must be made using the Cleansing Offer Application Form. You should not complete a Cleansing Offer Application Form unless specifically directed to do so by the Company.

Application for quotation of the Share issued under the Cleansing Offer will be made to ASX no later than 7 days after the Prospectus Date.

7 Details of the Offer

7.13. Ownership and selling restrictions

7.13.1. Corporations Act ownership restrictions

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company.

7.13.2. Selling restrictions

This document does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Due to the transfer restrictions set forth below, investors are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of Shares except in regular way transactions on the ASX.

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia. The Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction in the United States and may not be offered, sold, pledged or transferred in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable laws.

This Prospectus may only be distributed in Australia and, outside Australia, to persons to whom the Offer may be lawfully made in accordance with the laws of the applicable jurisdiction, provided that this Prospectus may not be distributed in the United States.

The Offer is not an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

Each Applicant will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold in the United States, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;
- it is not in the United States;
- it has not and will not send this Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

7.13.2.1 For the attention of US investors

Each purchaser of Shares in the United States will be deemed to have represented, warranted and agreed (and in a confirmation letter to be delivered in connection with subscription of Shares, will represent, warrant and agree amongst other things) as follows:

- It is either (i) a “qualified institutional buyer” (**QIB**, as defined in Rule 144A under the US Securities Act) and is acquiring the Shares for its own account or for the account of one or more other QIBs as to which it exercises sole investment discretion and not with a view to any resale or distribution thereof; or (ii) a dealer or other professional fiduciary organized, incorporated or (if an individual) resident in the United States that is acting solely for a discretionary or similar account (other than an estate or trust) held for the benefit or account of a person that is not a US Person (as such term is defined in Rule 902(k) under the US Securities Act) for which it has sole investment discretion (an **Eligible US Fund Manager**);
- It understands that the Shares have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred unless (i) the sale is to the Company, (ii) the sale is made outside the United States in an “offshore transaction” in compliance with Regulation S under the US Securities Act, including in standard (regular way) brokered transactions on the ASX that are not pre-arranged with persons in the United States, (iii) the sale is made pursuant to an exemption from registration under the US Securities Act provided by Rule 144 or Rule 144A thereunder (if available), or (iv) the sale is made pursuant to an effective registration statement under the US Securities Act covering the Shares, in each case in accordance with any applicable securities laws of any state of the United States, or other jurisdiction; and
- It understands that the Shares sold in the United States will constitute “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and, for so long as they remain “restricted securities”, such Shares may not be transferred except as described in the preceding paragraph.

Each purchaser of Shares under this Prospectus understands that the Company and the Lead Manager will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and warranties deemed to have been made by it by its purchase of the Shares are no longer accurate, it shall promptly notify the Company and the Lead Manager, as appropriate.

7.13.2.2. For the attention of Hong Kong investors

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the “**SFO**”). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

7 Details of the Offer

7.13.2.3. For the attention of Singapore investors

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company’s Shares, (ii) an “institutional investor” (as defined in the SFA) or (iii) an “accredited investor” (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any Offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

7.13.2.4. For the attention of New Zealand investors

The offer of Shares in this Prospectus is restricted to persons in New Zealand who are “Wholesale investors” within the meaning of clause 3(2) or 3(3)(a) of Schedule 1 to the *Financial Markets Conduct Act 2013* (the **FMC Act**), being a person who:

- is an “investment business” as defined in clause 37 of schedule 1 to the FMC Act;
- meets the investment activity criteria specified in clause 38 of schedule 1 to the FMC Act;
- is “large” as defined in clause 39 of schedule 1 to the FMC Act;
- is a “government agency” as defined in clause 40 of schedule 1 to the FMC Act; or
- is an “eligible investor” as defined in clause 41 of schedule 1 to the FMC Act,

(together referred to as **Excluded Disclosure Investors** for the purpose of this Prospectus).

Applications or requests for information from persons who are not Excluded Disclosure Investors will not be accepted and the Company, with the approval of the Lead Manager, reserves the right to accept or reject any or all Applications at any time. The Company may also require further information, documentation and/or certification from an Applicant to confirm their eligibility as an Excluded Disclosure Investor.

Please note that this Prospectus is not a regulated document. Potential investors therefore need to make their own enquiries as to the appropriateness of this investment for them.

If you have any doubt as to any aspect of the Offer referred to in this Prospectus, you should consult your financial or legal advisor.

7.14. Underwriting arrangements

The Offer is partially underwritten by the Lead Manager. The Lead Manager and the Company have entered into the Underwriting Agreement under which the Lead Manager has been appointed as arranger, manager and underwriter of the Offer. The Lead Manager agrees, subject to certain conditions and termination events, to underwrite Applications for all Shares under the Institutional Offer, Broker Firm Offer and Priority Offer. The Underwriting Agreement sets out a number of circumstances under which the Lead Manager may terminate the Underwriting Agreement and their underwriting obligations.

A summary of certain terms of the Underwriting Agreement and underwriting arrangements, including the termination provisions, is provided in Section 11.6.

7.15. Disposal restrictions on Shares

Eligible Employees may not sell, transfer or otherwise dispose of any Shares acquired under the Employee Gift Offer for a minimum period of three (3) years, unless the Eligible Employee ceases to be employed by the Company, if the Board allows it or the dealing is required by law. For more information on the disposal restrictions applying to Shares issued under the Employee Gift Offer, please refer to Section 7.7.6.

7.16. Discretion regarding the Offer

The Company reserves the right not to proceed with the Offer at any time before Completion. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.

The Company in consultation with the Lead Manager also reserves the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or (subject to the terms of any guaranteed allocations referred to in this Prospectus) allocate to any Applicant or bidder fewer Shares than applied or bid for.

7.17. ASX listing, registers, holding statements and settlement

7.17.1. Application to ASX for admission of the Company to the Official List and quotation of Shares

The Company will apply for admission to the Official List of the ASX and quotation of the Shares on the ASX within seven (7) days of the Prospectus Date. The Company's ASX code is expected to be "ABB".

If the Company does not make such an application within seven days (7) after the Prospectus Date permission is not granted for the official quotation of the Shares on ASX within three (3) months after the date of the Original Prospectus (or any later date permitted by law), all Application Monies received by the Company will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered under this Prospectus.

The Company will be required to comply with the Listing Rules, subject to any waivers obtained by the Company from time to time.

7 Details of the Offer

7.17.2. Chess and issuer sponsored holdings

The Company will apply to participate in the ASX's Clearing House Electronic Subregister System (**CHESS**) and will comply with the Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister.

For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.17.3. Settlement, trading and selling Shares on-market

It is expected that trading of the Shares on ASX will commence on or about 27 October 2020, on a normal settlement basis. Dispatch of initial holding statements is expected to occur on or about 30 October 2020.

It is the responsibility of each person who trades in Shares to confirm their own holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, its directors, officers, representatives, affiliates and advisers, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their holding statement, whether on the basis of a confirmation of allocation provided by any of them, or a Broker or from the Offer Information Line.

7.18. Constitution and rights attaching to the Shares

7.18.1. Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the Official List of the ASX.

7.18.2. Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held. In the case of an equality of votes on a resolution, the chairperson of the meeting does not have a casting vote and the resolution will be decided in the negative.

7.18.3. Meetings of members

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and Listing Rules. The Company must give at least 28 days' written notice of a general meeting.

7.18.4. Hybrid meetings

The Company is permitted to hold hybrid meetings, being general meetings conducted from a physical location in combination with participation from other physical or virtual locations via electronic facilities. Directors may vary a notice of a hybrid meeting after it has been sent to Shareholders if Directors decide that it is impracticable or unreasonable to hold the hybrid meeting at the time and using the electronic facility stated in the notice of the hybrid meeting.

The Chairperson of the hybrid meeting must be satisfied that adequate facilities are available throughout the hybrid meeting to ensure that Shareholders attending by all means are able to participate in the business for which the hybrid meeting has been convened.

Where a resolution is voted on at a hybrid meeting where Shareholders are participating electronically as well as at a physical meeting, the resolution will be decided by a poll.

7.18.5. Dividends

The Board may pay any interim and final dividends that, in its judgement, the financial position of the Company justifies. The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date, for a dividend and the timing and method of payment.

7.18.6. Transfer of Shares

Subject to the Constitution and to any restrictions attached to a Shareholder's Share, Shares may be transferred in accordance with the ASX Settlement Operating Rules, the Corporations Act and Listing Rules or by a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements. The Board may decline to register a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the Listing Rules.

7.18.7. Issue of further Shares

The Board may, subject to the Constitution, Corporations Act and the Listing Rules issue, allot or grant options for, or otherwise dispose of, Shares in the Company on such terms as the Board decides.

7.18.8. Winding up

If the Company is wound up, then subject to the Constitution, the Corporations Act and any rights or restrictions attached to any Shares or classes of shares, Shareholders will be entitled to a share in any surplus property of the Company in proportion to the number of Shares held by them.

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or part of the Company's property and decide how the division is to be carried out as between Shareholders or different classes of shareholders.

7 Details of the Offer

7.18.9. Non-marketable parcels

In accordance with the Listing Rules, the Board may sell Shares that constitute less than a marketable parcel by following the procedures set out in the Constitution. An unmarketable parcel of Shares is defined in the Listing Rules and is generally, a holding of Shares with a market value of less than \$500.

7.18.10. Proportional takeover provisions

The Constitution contains provisions requiring Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless renewed by Shareholders passing a special resolution by the third anniversary of either the date those rules were adopted or the date those rules were last renewed.

7.18.11. Variation of class rights

The procedure set out in the Constitution must be followed for any variation of rights attached to the Shares. Under that section, and subject to the Corporations Act and the terms of issue of a class of shares, the rights attached to any class of shares may be varied:

- with the consent in writing of the holders of 75% of the issued shares included in that class; or
- by a special resolution passed at a separate meeting of the holders of those shares.

7.18.12. Directors – appointment and removal

Under the Constitution, the Board is comprised of a minimum of three (3) Directors and a maximum fixed by the Directors from time to time, but not exceeding ten (10) Directors. Directors are elected or re-elected at annual general meetings of the Company.

No Director (excluding the managing director) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Board may also appoint any eligible person to be a Director either to fill a casual vacancy on the Board or as an addition to the existing Directors, who will then hold office until the conclusion of the next annual general meeting of the Company following their appointment.

7.18.13. Directors – voting

Questions arising at a meeting of the Board must be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting does not have a casting vote and the resolution will be decided in the negative.

7.18.14. Directors – remuneration

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director. However, the total aggregate amount provided to all Non-Executive Directors for their services as Directors must not exceed in any financial year the amount fixed by the Company in general meeting. The remuneration of a Director must not include a commission on, or a percentage of, operating revenue. The current maximum aggregate sum of Non-Executive Director remuneration is set out in Section 6.3.2. Any change to that maximum aggregate amount needs to be approved by Shareholders.

Directors may be paid for all travelling and other expenses properly incurred by them in connection with Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or of committees of the Board. If a Director performs extra services in connection with the affairs of the Company, the Directors may arrange for a special remuneration to be paid.

The current remuneration of Directors is discussed in Sections 6.3.2 and 6.3.3.

7.18.15. Powers and duties of Directors

The Directors are responsible for managing the business of the Company and may exercise to the exclusion of the Company in a general meeting all the powers of the Company which are not required by the Corporations Act, the Constitution or the Listing Rules, to be exercised by the Company in a general meeting.

7.18.16. Indemnities

The Company may, to the extent permitted by law, indemnify each Director and executive officer of the Company on a full indemnity basis against all losses, liability, costs, charges and expenses incurred by that person as an officer of the Company or of a related body corporate.

The Company may, to the extent permitted by law, purchase and maintain insurance or pay, or agree to pay, a premium for a contract insuring each Director and executive officer of the Company against any liability incurred by that person as an officer of the Company or of a related body corporate, including for negligence or for reasonable costs and expenses incurred by that person in defending or responding to proceedings (whether civil or criminal and whatever the outcome).

7.18.17. Amendment

The Constitution can only be amended by special resolution passed by at least three-quarters of Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company.

7.18.18. Shareholder liability

As the Shares offered under this Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

7.18.19. Ranking of Shares

As at the Prospectus Date, all Shares on issue in the Company are of the same class and rank equally in all respects. Furthermore, the Shares offered under this Prospectus are fully paid ordinary shares and will therefore rank equally in all respect with the existing fully paid ordinary Shares in the Company.

7.18.20. Restricted Securities

A holder of Restricted Securities (as defined in the Listing Rules) must comply with the requirements imposed by the Listing Rules in respect of Restricted Securities.

7.18.21. Share buy-back

Subject to the Corporations Act, the Listing Rules and ASX Settlement Operating Rules, the Company may buy back Shares on terms and at times determined by the Board.

7.18.22. Preference shares

The Company may issue preference shares with the rights attaching to preference shares as set out in the Constitution, including preference shares that are subject to redemption or conversion to Shares. There are no preference shares on issue as at the Prospectus Date.

7 Details of the Offer

7.18.23. Reduction of share capital

Subject to the Constitution, the Corporations Act and the Listing Rules, the Company may make any reduction or alteration to its share capital in any way permissible by the Corporations Act.

7.18.24. Dividend reinvestment plan

The Constitution permits the Directors to implement, on the terms and conditions they think fit, a dividend reinvestment plan under which any Shareholder or any class of Shareholders may elect that dividends payable by the Company be reinvested by a subscription for Shares in the Company.

7.18.25. Employee share plan

The Directors may implement an employee share plan for officers or employees of the Company on such terms and conditions as they think fit. Further details about the Company's employee incentive plan is contained in Section 11.4.

For personal use only

8

Independent Limited Assurance Report

8 Independent Limited Assurance Report

**KPMG Transaction Services**

A division of KPMG Financial Advisory Services
(Australia) Pty Ltd
Australian Financial Services Licence No. 246901
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727 Collins Street
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Australia

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DX: 30824 Melbourne
www.kpmg.com.au

The Directors
Aussie Broadband Limited
3 Electra Avenue
Morwell VIC 3840

14 September 2020

Dear Directors

Limited Assurance Investigating Accountant's Report and Financial Services Guide**Investigating Accountant's Report****Introduction**

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by Aussie Broadband Limited ("Aussie Broadband") to prepare this report for inclusion in the prospectus to be dated 14 September 2020 ("Prospectus"), and to be issued by Aussie Broadband, in respect of the proposed initial public offering of shares in Aussie Broadband and listing on the Australian Securities Exchange ("ASX") (the "Offer").

Expressions defined in the Prospectus have the same meaning in this report.

This Investigating Accountant's Report should be read in conjunction with the KPMG Transaction Services Financial Services Guide included in the Prospectus.

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the pro forma historical and forecast financial information described below and disclosed in the Prospectus.

The pro forma historical and forecast financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro Forma Historical Financial Information

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the pro forma historical financial information of Aussie Broadband (the responsible party) included in the Prospectus.

The pro forma historical financial information has been derived from the historical financial information of Aussie Broadband, after adjusting for the effects of pro forma adjustments described in Section 4.2 of the public document.

The pro forma financial information consists of Aussie Broadband's:

- pro forma historical consolidated statement of financial position as at 30 June 2020;
- pro forma historical consolidated income statements for the years ended 30 June 2018, 30 June 2019 and 30 June 2020; and
- pro forma historical consolidated statements of cash flows for the years ended 30 June 2018, 30 June 2019 and 30 June 2020

as set out in Section 4 of the Prospectus issued by Aussie Broadband (collectively the "Pro Forma Historical Financial Information").

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 4.2 of the Prospectus. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position, financial performance, and/or cash flows.

The Pro Forma Historical Financial Information has been compiled by Aussie Broadband to illustrate the impact of the event(s) or transaction(s) on Aussie Broadband's financial position as at 30 June 2020 and Aussie Broadband's financial performance and cash flows for the years ending 30 June 2018, 30 June 2019 and 30 June 2020. As part of this process, information about Aussie Broadband's financial position, financial performance and cash flows has been extracted by Aussie Broadband from Aussie Broadband's financial statements for the years ended 30 June 2018, 30 June 2019 and 30 June 2020.

The financial statements of Aussie Broadband for the years ended 30 June 2018 (restated) and 30 June 2019 (restated) were audited by Aussie Broadband's former external auditor in accordance with Australian Auditing Standards. The financial statements of Aussie Broadband for the year ended 30 June 2020 were audited by KPMG in accordance with Australian Auditing Standards. The audit opinions issued to the members of Aussie Broadband relating to those financial statements were unmodified.

For the purposes of preparing this report we have performed limited assurance procedures in relation to Pro Forma Historical Financial Information in order to state

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*Aussie Broadband Limited
Limited Assurance Investigating Accountant's Report and
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whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Pro Forma Historical Financial Information is not prepared or presented fairly, in all material respects, by the directors in accordance with the stated basis of preparation as set out in Section 4 of the Prospectus.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Pro Forma Historical Financial Information is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

Forecast Financial Information and directors' best-estimate assumptions

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the:

- pro forma forecast consolidated income statement for the year ending 30 June 2021, as set out in Table 4.2 of Section 4.3;
- statutory forecast consolidated income statement for the year ending 30 June 2021, as set out in Table 4.2 of Section 4.3;
- pro forma forecast consolidated statement of cash flows for the year ending 30 June 2021, as set out in Table 4.6 of Section 4.4; and
- statutory forecast consolidated statement of cash flows for the year ending 30 June 2021, as set out in Table 4.6 of Section 4.4,

of Aussie Broadband (the responsible party). The directors' best-estimate assumptions underlying the Forecast Financial Information are described in Section 4.6 of the Prospectus. As stated in Section 4 of the Prospectus, the basis of preparation of the Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and Aussie Broadband's accounting policies.

We have performed limited assurance procedures in relation to the Forecast Financial Information, set out in Section 4 of the Prospectus, and the directors' best-estimate assumptions underlying it in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions do not provide reasonable grounds for the Forecast Financial Information;

- in all material respects the Forecast Financial Information is not:
 - prepared on the basis of the directors' best-estimate assumptions as described in the Prospectus; and
 - presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards and Aussie Broadband's accounting policies;
- the Forecast Financial Information itself is unreasonable.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The directors of Aussie Broadband are responsible for the preparation of:

- the Pro Forma Historical Financial Information, including the selection and determination of the pro forma transactions and/or adjustments made to the historical financial information and included in the Pro Forma Historical Information;
- the Forecast Financial Information, including the directors' best-estimate assumptions on which the Forecast Financial Information is based and the sensitivity of the Forecast Financial Information to changes in key assumptions.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Conclusions

Review statement on the Pro Forma Historical Financial Information

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in Section 4 of the Prospectus, comprising:

- the pro forma historical consolidated income statements of Aussie Broadband for the years ended 30 June 2018 and 30 June 2019 and 30 June 2020 as set out in Table 4.2 of Section 4.3;

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*Aussie Broadband Limited
Limited Assurance Investigating Accountant's Report and
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- the pro forma historical consolidated statements of cash flows of Aussie Broadband for the years ended 30 June 2018 and 30 June 2019 and 30 June 2020 as set out in Table 4.6 in Section 4.4; and
- the pro forma consolidated statement of financial position of Aussie Broadband as at 30 June 2020 as set out in Table 4.9 of Section 4.5,

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in Section 4 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and Aussie Broadband's accounting policies.

Forecast Financial Information and the directors' best-estimate assumptions

Based on our procedures, which are not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Forecast Financial Information for the year ending 30 June 2021 do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information:
 - is not prepared on the basis of the directors' best-estimate assumptions as described in Section 4.6 of the Prospectus; and
 - is not presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards, and Aussie Broadband's accounting policies; and
- the Forecast Financial Information itself is unreasonable.

The Forecast Financial Information has been prepared by Aussie Broadband management and adopted and disclosed by the directors in order to provide prospective investors with a guide to the potential financial performance of Aussie Broadband for the year ending 30 June 2021.

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Aussie Broadband. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those

best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in Aussie Broadband, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Section 5 of the Prospectus. The sensitivity analysis described in Section 4.8 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of Aussie Broadband, that all material information concerning the prospects and proposed operations of Aussie Broadband has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Independence

KPMG Transaction Services does not have any interest in the outcome of the proposed Offer, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of Aussie Broadband and from time to time, KPMG also provides Aussie Broadband with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Restriction on use

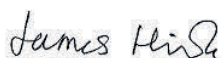
Without modifying our conclusions, we draw attention to Section 4.2.1 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

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KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully



James Hindle
Authorised Representative



Lisa Mullins
Authorised Representative



KPMG Financial Advisory Services (Australia) Pty Ltd

ABN 43 007 363 215

Australian Financial Services Licence No. 246901

Financial Services Guide

Dated October 2019

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) (**KPMG Transaction Services**), and James Hindle and Lisa Mullins as authorised representatives of KPMG Transaction Services, authorised representative numbers 404268 and 1276878 respectively (**Authorised Representatives**).

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representatives and how they can be contacted;
- The services KPMG Transaction Services and its Authorised Representatives are authorised to provide;
- How KPMG Transaction Services and its Authorised Representatives are paid;
- Any relevant associations or relationships of KPMG Transaction Services and its Authorised Representatives;
- How complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- The compensation arrangements that KPMG Transaction Services have in place.

The distribution of this FSG by the Authorised Representatives has been authorised by KPMG Transaction Services.

This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Transaction Services and the Authorised Representatives are authorised to provide

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- Deposit and non-cash payment products;
- Derivatives;
- Foreign exchange contracts;
- Government debentures, stocks or bonds;
- Interests in managed investments schemes including investor directed portfolio services;
- Securities;
- Superannuation;

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- Carbon units;
- Australian carbon credit units; and
- Eligible international emissions units, to retail and wholesale clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representatives are authorised by KPMG Transaction Services to provide financial product advice on KPMG Transaction Services' behalf.

KPMG Transaction Services and the Authorised Representative's responsibility to you

KPMG Transaction Services has been engaged by Aussie Broadband Limited ("Aussie Broadband") to provide general financial product advice in the form of a Report to be included in the Prospectus prepared by Aussie Broadband Limited in relation to the initial public offering of ordinary shares in Aussie Broadband on the ASX (Offer).

You have not engaged KPMG Transaction Services or the Authorised Representatives directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. Neither KPMG Transaction Services nor the Authorised Representatives are acting for any person other than the Aussie Broadband.

KPMG Transaction Services and the Authorised Representatives are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General advice

As KPMG Transaction Services has been engaged by Aussie Broadband, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Prospectus before making any decision in relation to the Offer.

Fees KPMG Transaction Services may receive and remuneration or other benefits received by our representatives

KPMG Transaction Services charges fees for preparing reports. These fees will usually be agreed with, and paid by, Aussie Broadband. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Aussie Broadband has agreed to pay KPMG Transaction Services \$0.7 million for preparing the Report. KPMG Transaction Services and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Transaction Services officers and representatives (including the Authorised Representatives) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services' representatives (including the Authorised Representatives) are eligible for bonuses based on

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overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG Transaction Services nor the Authorised Representatives pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representatives are partners in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Transaction Services and the Authorised Representatives and not by the KPMG Partnership.

From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have provided and continue to provide a range of audit and advisory services to Aussie Broadband for which professional fees are received. Over the past two years professional fees of \$0.3 million have been received from Aussie Broadband. None of those services have related to the transaction or alternatives to the transaction.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representative know. Formal complaints should be sent in writing to The AFSL Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than **45 days** after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Transaction Services or the Authorised Representatives cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Australian Financial Complaints Authority (AFCA). AFCA is an independent

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company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly at:

Address: Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne Victoria 3001

Telephone: 1300 56 55 62

Facsimile: (03) 9613 6399

Email: info@afca.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1800 931 678 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Transaction Services has professional indemnity insurance cover in accordance with section 912B of the *Corporations Act 2001(Cth)*.

Contact details

You may contact KPMG Transaction Services or the Authorised Representatives using the contact details:

KPMG Transaction Services
A division of KPMG Financial Advisory
Services (Australia) Pty Ltd
Tower 2
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 2291U
Melbourne VIC 3001
Telephone: (03) 9288 5555
Facsimile: (03) 9288 6666

James Hindle and Lisa Mullins
C/O KPMG
GPO Box 2291U
Melbourne VIC 3001

Telephone: (03) 9288 5555
Facsimile: (03) 9288 6666

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9

Taxation Summary

9 Taxation Summary

9.1. Introduction

This Section 9 provides a general overview of the Australian income tax, capital gains tax (**CGT**), goods and services tax (**GST**) and stamp duty consequences for investors who are tax residents of Australia and who acquire Shares under the Offer. The comments in this Section 9 are based on the Australian taxation laws at the Prospectus Date. These laws may change in future and this may alter some of the tax implications outlined below.

The categories of investors considered in this summary are limited to Australian-tax resident individuals, companies and trusts (other than superannuation or pension funds), and those employees who receive shares in accordance with the Employee Gift Offer. The comments in this summary relate primarily to the Institutional Offer, Broker Firm Offer, Priority Offer, Customer Offer and Employee Gift Offer and do not contemplate specific taxation implications which may arise in respect of the Cleansing Offer nor in respect of the conversion of Convertible Notes issued on or around October 2019.

The summary is relevant to Australian-resident investors who hold their shares on capital account. The tax implications which may apply to non-Australian resident Shareholders and/or Shareholders whose Shares are held on revenue account may differ. This Section 9 does not take into account the tax law of countries other than Australia.

Furthermore, this summary does not consider the consequences for investors who are insurance companies, superannuation or pension funds, banks, investors that hold their shares on revenue account, or carry on a business of trading in shares, or investors who are non-residents of Australia for tax purposes or are exempt from Australian tax. It also does not provide specific detail of the potential consequences for investors who are subject to the Taxation of Financial Arrangements (TOFA) regime outlined in Division 230 of the *Income Tax Assessment Act 1997*.

This Section 9 is general in nature and is not intended to be a complete statement of the Australian taxation laws, nor may it be relied upon as tax advice. It should be noted that the Australian taxation laws are complex and each investor's own circumstances will affect the taxation outcomes of making an investment in Shares under the Offer. It is therefore recommended that Australian-resident and, where applicable, non-resident investors seek independent professional taxation advice, having regard to their own specific circumstances, in considering an investment in Shares under the Offer.

9.2. Australian tax considerations

9.2.1. Acquisition of Shares

Each Share under the Offer should be a separate CGT asset for Australian tax purposes. For CGT purposes, the tax cost base (and reduced cost base) of each Share held by an Australian tax-resident Shareholder should include the amount the Shareholder paid (or is required to pay) to acquire the Share, plus any incidental costs of acquisition. Shares received under the Employee Gift Offer should have a cost base (or reduced cost base) equal to the value of the Shares provided under the Offer (please see further below in Section 9.3).

9.2.2. Dividends on Shares

Dividends may be paid to Shareholders in respect of their Shares. Franking credits may attach to such dividends. Franking credits broadly represent the extent to which a dividend distributed by a company is paid from profits that have been subject to Australian income tax. It is possible for a dividend to be 'fully franked', 'partly franked' or 'unfranked'. The distribution statement for the dividends paid to Shareholders should advise of the franking status of the dividends.

Australian-resident Shareholders will be required to include dividends in their assessable income in the income year in which the dividends are paid. To the extent that the dividends are franked, franking credits should also be included in the Shareholder's assessable income. In such circumstances, Shareholders are subject to tax at their applicable rate of tax on the "grossed-up" dividends received, being the dividend plus the franking credit. The Shareholder may be entitled to a tax offset in their income tax return for the franking credits associated with dividends received.

To the extent that the dividends are unfranked, there is no gross-up (or tax offset). Australian-resident Shareholders are subject to tax at their applicable rate of tax on the unfranked portion of dividends received.

9.2.2.1. Australian-resident individuals

In circumstances where franking credits received by Australian tax-resident Shareholders who are individuals exceed the amount of total income tax payable, those Shareholders should be entitled to a refund from the Australian Taxation Office. The refund should be the sum of any excess franking credits over and above the total income tax payable in an income year. Where the franking credits are less than the tax payable on the dividends, those Shareholders will need to pay tax on the balance.

9.2.2.2. Trusts

In relation to Shareholders that are trusts (other than trustees of complying superannuation entities or trusts treated as companies for tax purposes), such Shareholders should include the sum of any franking credits received by the trustee in determining the net income of the trust. On distribution of net income by the trustee, the relevant beneficiary may then be entitled to a tax offset, subject to certain requirements being satisfied.

The application of the Australian taxation laws to trusts with regards to the taxation of dividends is complex. Advice should be sought to confirm the appropriate taxation considerations and treatment.

9.2.2.3. Corporate Shareholders

Shareholders which are companies (including those which are deemed to be companies) (**Corporate Shareholders**) and are Australian tax-residents are also entitled to a tax offset equal to the amount of franking credits received. However, unlike non-Corporate Shareholders, they are unable to claim cash refunds for excess franking credits.

Corporate Shareholders should be entitled to a franking credit in their franking account equal to the franking credits received in respect of dividends. A Corporate Shareholder may be able to use the credits to make franked distributions to its shareholders.

Where excess franking credits exist, a Corporate Shareholder should be entitled to have the surplus credits converted into carry forward tax losses.

9.2.2.4. Tax integrity rules

The entitlement of a Shareholder to a franking credit tax offset, and their requirement to include the franking credits in their assessable income, may be affected by the 'qualified person' rules, including the 'holding period' rule and the 'related payments' rule as well as the 'dividend washing' rule.

Qualified Person Rule

To be a qualified person, a Shareholder must satisfy the holding period rule and the related payments rule.

Under the 'holding period' rule, a Shareholder must continuously hold ordinary shares 'at risk' for at least 45 days (the holding period commences on the day after the day on which the Shareholder acquired the shares or interest) to be eligible for the franking tax offset. Under the 'small shareholder' exemption, this rule does not apply if the Shareholder's total franking credit entitlement does not exceed A\$5,000 in a particular income year.

The 'related payments' rule applies if a Shareholder or their associate is under an obligation to make a 'related payment', under which an obligation exists to pass the benefit of the franked dividend to someone else.

Where there has been a related payment, to be a 'qualified person' in relation to a dividend or distribution, a Shareholder must hold the relevant shares 'at risk' for the period beginning on the 45th day before and ending on the 45th day after the day on which the Shares became ex-dividend.

A Shareholder must be a 'qualified person' for the payment of each dividend or distribution, to claim the franking credits attached to franked dividends.

9 Taxation Summary

Dividend Washing Rule

The 'dividend washing' rule prevents a Shareholder from claiming more than one set of franking credits where they have received a dividend as a result of 'dividend washing'.

Dividend washing occurs where:

- you, or an entity connected to you, sells an interest in shares that you hold while retaining the right to a dividend, then
- by accessing share trading under an alternative ASX trading market, you purchase some substantially identical shares.

If the 'dividend washing' rule applies, a Shareholder is not entitled to a tax offset for the franking credits for the second dividend.

The above, and the other tax integrity rules, can be particularly complex, and especially so for distributions received indirectly (for example, via an interposed trust). It is recommended that Shareholders in such situations seek independent professional taxation advice.

9.3. Employee Gift Offer

The receipt of Shares by an Eligible Employee in accordance with the Employee Gift Offer, where certain conditions are fulfilled, may qualify as being exempt from income tax (up to A\$1,000). Where the conditions are not fulfilled, the Eligible Employee will be subject to taxation at their marginal rate in respect of the value of the Shares received under the Employee Gift Offer.

Broadly, for the issuance of Shares to qualify as exempt from taxation to Eligible Employees under the Employee Gift Offer, the following conditions must be fulfilled:

- the Eligible Employee satisfies an income test;
- the Employee Gift Offer is made on a non-discriminatory basis;
- there is no real risk the Eligible Employee will lose their Shares issued under the Employee Gift Offer, and
- conditions pertaining to the maximum level of shareholding of the Eligible Employee and the retention period of the Shares acquired by the Eligible Employee under the Employee Gift Offer are fulfilled.

In general terms, the conditions require the Eligible Employee (in order to qualify for the tax exemption), to derive adjusted taxable income (taxable income plus reportable fringe benefits plus reportable superannuation contributions and adjustments for investment losses (eg negatively geared investments)) to be equal to or less than A\$180,000 per annum. Further, the Eligible Employee is generally required to hold the Shares issued under the Employee Gift Offer for a period of 3 years (subject to certain exceptions).

The application of taxation to Shares issued under the Employee Gift Offer (as an Employee Share Scheme) is complex. It is recommended that Eligible Employees seek their own taxation advice accordingly with respect to participating in the Employee Gift Offer.

9.4. Share disposals

Australian tax-resident Shareholders who hold their Shares on capital account will be subject to the Australian CGT provisions in respect of the disposal of their Shares.

Where the capital proceeds received on the disposal of Shares exceed the CGT cost base of those Shares, a capital gain will arise. The CGT cost base of Shares should generally be the issue price or acquisition price of the Shares plus, amongst other things, incidental costs associated with the acquisition and disposal of the Shares. Alternatively, Australian tax-resident Shareholders may recognise a capital loss on the disposal of Shares where the capital proceeds received on disposal are less than the reduced CGT cost base of the Shares.

An Eligible Employee receiving Shares under the Employee Gift Offer should have a CGT cost base of approximately A\$1,000, assuming the Eligible Employee is entitled to and applies for their maximum entitlement under the Employee Gift Offer (including where the Employee Gift Offer is exempt from taxation).

The CGT cost base of Shares may be reduced as a result of receiving non-assessable distributions from the Company, such as returns of capital.

All capital gains and losses recognised by an Australian tax-resident for an income year are aggregated. To the extent that a net capital gain exists, such Shareholders should be able to reduce the net capital gain by any amount of unapplied net capital losses or revenue losses carried forward from previous income years (provided the relevant loss recoupment tests are satisfied) or current year revenue or capital losses.

Any remaining net capital gain (after the application of any carried forward tax losses or current year revenue losses) will then be required to be included in the Australian tax-resident's assessable income (subject to comments below in relation to the availability of the CGT discount concession) and will be taxable at the Shareholder's applicable rate of tax. Where a net capital loss is recognised, the loss should only be deductible against capital gains and is capable of being carried forward indefinitely, provided the relevant loss recoupment tests are satisfied.

Individual Shareholders may be entitled to a concession which discounts the amount of a capital gain that is assessed. Broadly, the concession is available where Shares have been held for more than 12 months or more prior to disposal. Generally, the concession results in a 50% reduction in the assessable amount of a capital gain for an individual Shareholder, after offsetting any current or carried forward losses. The concession is not available to Corporate Shareholders (including those deemed to be Corporate Shareholders).

In relation to trusts, the taxation rules with respect to capital gains and the CGT discount are complex. The benefit of the CGT discount may flow through to relevant beneficiaries, subject to certain requirements being satisfied.

Australian tax-resident investors who hold Shares on revenue account should seek separate independent professional taxation advice.

9.5. Tax File Number (TFN) and Australian Business Number (ABN)

An Australian tax-resident Shareholder is not obliged to quote a TFN, or where relevant, an ABN, to the Company.

However, if a TFN or ABN is not quoted and no exemption is applicable, income tax is required to be withheld by the Company at the highest marginal rate (currently 45% plus Medicare levy of 2%) from certain dividends paid.

Australian tax-residents may be able to claim a tax credit or rebate (as applicable) in respect of any tax withheld on dividends in their income tax return. No withholding requirement applies in respect of fully franked dividends paid in respect of the Shares.

9.6. Stamp duty

No Australian stamp duty should be payable by a Shareholder on the acquisition or disposal of Shares.

9.7. GST

Under current Australian GST law, GST is not applicable to the acquisition or disposal of Shares. The ability of Shareholders to recover any GST incurred as an input tax credit in relation to costs associated with participating in the Offer (such as costs relating to professional advice obtained by Shareholders regarding the Offer) would vary according to individual circumstances and as such this should be reviewed by Shareholders prior to making any claim.

No GST should be payable by Shareholders on receiving dividends (or other distributions) paid by the Company.

10

Material Contracts

10 Material Contracts

The Company and the Subsidiaries have entered into various agreements which the Board considers to be material to the Company's business and therefore relevant to potential investors in the Company. Set out in this Section 10 is a summary of these material contracts.

10.1. Customer Agreements

The Company has a range of standard form end-user agreements under which it delivers its various products and services to customers (**Customer Agreements**). The Customer Agreements have been prepared having regard to the Company's obligations under the Telecommunications Consumer Protection Code (**TCP Code**). The Customer Agreements are reviewed periodically to ensure continued compliance with the TCP Code and are available at the Company's website.

10.2. NBN Agreement

On 17 November 2017, the Company entered into the "Wholesale Broadband Agreement 3" with NBN Co for the provision of NBN wholesale products and services to the Company (**NBN Agreement**). As a RSP, the Company resells these products and services to its customers.

The NBN Agreement is a standard form document which is used industry wide by RSPs for the provision of NBN wholesale products and services. The next version of the agreement being, the "Wholesale Broadband Agreement 4", is currently being drafted by NBN Co in consultation with RSPs.

The current term of the NBN Agreement is due to expire on 30 November 2020. However, NBN Co has advised that the NBN Agreement will be temporarily extended if the "Wholesale Broadband Agreement 4" has not been finalised by the expiration of the NBN Agreement.

The NBN Agreement contains provisions which enable NBN Co to withdraw or change the services and products provided under the NBN Agreement. This includes immediate freeze orders on the provision of services and products in specified circumstances. In particular, the NBN Co may terminate the NBN Agreement in the following circumstances:

- if the Company does not provide supply of at least one product for which a charge applies for a continuous period of 6 months;
- a suspension of services provided under the NBN Agreement is caused or contributed to by the Company which subsists for more than 20 Business Days;
- the Company ceases to be a carrier, carriage service provider, content service provider or specified utility engaged in a related specified activity; or
- the Company suffers an insolvency event.

In addition, either party may terminate the NBN Agreement on 20 Business Days' notice if the other party demonstrates an intention to no longer be bound by the NBN Agreement or fulfil its obligations under the NBN Agreement.

10 Material Contracts

10.3. Telstra Agreement

On 19 December 2018, Wideband Networks (which is a subsidiary of the Company) entered into the Telstra Wholesale Agreement (**Telstra Agreement**) with Telstra Corporation Limited (**Telstra**) under which Telstra agreed to provide a range of services and products.

These services and products include:

- line rental services;
- licences to access Telstra facilities (including Telstra exchange buildings) for permitted uses (which includes the construction and maintenance of permitted equipment);
- wholesale internet services (including Ethernet services);
- DSL Layer 2 and wholesale business grade DSL services;
- carrier grade Ethernet services;
- wholesale wavelength product;
- unconditioned local loop and call diversion feature; and
- managed lease line.

Telstra may vary the pricing of services provided under the Telstra Agreement, but is required to provide reasonable notice to any pricing changes.

There is no fixed term under the Telstra Agreement and either party may terminate the Telstra Agreement for convenience on 6 months' notice. If the Telstra Agreement is terminated for convenience by Telstra, services which have already been ordered under the Telstra Agreement will continue to be provided unless 12 months' notice of their termination is provided.

Telstra is entitled to change products and services offered under the Telstra Agreement by providing 6 months' notice where that change may have a detrimental impact on Wideband Networks or on 1 months' notice for all other changes. Urgent changes can occur without notice in an emergency, to comply with law, to protect security or to prevent fraud.

10.4. Vocus Agreement

During May 2020, Wideband Networks and Vocus Pty Ltd (**Vocus**) entered into a Master Services Agreement (**Vocus Agreement**) under which Vocus agreed to provide certain data network services (including Vocus' dark fibre and wavelength services).

The Vocus Agreement sets out the general terms and conditions that apply to the provision of all products or services by Vocus to Wideband Networks. Wideband Networks issues separate service orders to procure the various products and services offered by Vocus. The Vocus Agreement does not have a fixed term, but each service order contains a specified period and after the expiry of that specified period, the service order can be terminated on 30 days' notice.

Vocus may also terminate the Vocus Agreement in circumstances where:

- Wideband Networks breaches a material term of the Vocus Agreement and fails to remedy the breach or that breach is not capable of remedy;
- Wideband Networks is subject to a change of control or insolvency event;
- a supply failure occurs that prevents Vocus from delivering its products or services;
- any permit or license required to be obtained by Vocus for the provision of the products and services cannot be maintained; or
- a force majeure event occurs which prevent Vocus from providing the products and services.

10.5. Fetch TV Agreement

The Company is a party to an Alliance Agreement with Fetch TV Pty Ltd (**Fetch TV**) dated 17 October 2018 (**Fetch TV Agreement**).

The Fetch TV Agreement is a non-exclusive wholesale agreement under which Fetch TV provides the Company with the ability to offer the Fetch TV subscription-based audio visual service to its end users. The service provided by Fetch TV includes the provision of:

- end user hardware for purchase;
- the Fetch TV end user interface (including the electronic program guide);
- the Fetch TV content packages which are available from time to time; and
- the 'Companion App'.

The Fetch TV Agreement is due to expire on 30 June 2021. Prior to the expiration of the Fetch TV Agreement, the Company will seek an extension of the term.

In accordance with the terms of the Fetch TV Agreement, the Company must not supply or re-supply a device which competes with Fetch TV's service offering.

10.6. Symbio Agreement

On or around 27 March 2020, the Company entered into a Master Wholesale Agreement with Symbio Wholesale Pty Ltd (**Symbio**), pursuant to which the Company has agreed to acquire and Symbio and its affiliates have agreed to supply, wholesale telecommunications to the Company (**Symbio Agreement**). In particular, Symbio provides the Company with Voice over Internet Protocol services (**VOIP**).

The Symbio Agreement may be terminated by either party on 20 Business Days' notice. Although the Company believes that it will be able to secure alternate supply of VOIP services if the Symbio Agreement is terminated, there is no guarantee that those services would be supplied on terms which are no less favourable to the Company.

Symbio is not obliged to supply the services requested by the Company and may, without liability, cancel an accepted order if it determines that it will not be practical to supply the services for commercial or technical reasons.

10.7. NEXTDC Agreement

On 1 December 2015, the Company entered into a Master Services Agreement with NEXTDC Limited (**NEXTDC**) under which NEXTDC agreed to licence a portion of its data centre facilities, being fixtures, fittings, plant, machinery, equipment and other property of NEXTDC (**Data Centre Space**) to the Company (**NEXTDC Agreement**).

The Company submits separate service orders (**Service Order**) for the specific Data Centre Space required from time to time and the associated establishment services for that Data Centre Space. An individual Service Order will specify the duration for which the Data Centre Space is acquired.

NEXTDC may terminate the NEXTDC Agreement where a change of law makes it commercially unviable or illegal to continue to provide the services or where it ceases to have the right to use the facility. NEXTDC may also terminate the NEXTDC Agreement in circumstances where:

- the Company fails to comply with the NEXTDC Agreement or make a payment due under the NEXTDC Agreement;
- the Company suffers an insolvency event or is subject to a change of control (for which consent has not been provided); or
- a force majeure event occurs.

10 Material Contracts

10.8. Westpac Agreement

On 20 December 2019, the Company entered into a Master Supply Agreement with Westpac Banking Corporation (**Westpac**) for the supply of carriage services and other products and services by the Company to Westpac (**Westpac Agreement**).

The Westpac Agreement operates for a term of 3 years. Westpac has an option to extend the term for a further 12 month period. However, Westpac may terminate the Westpac Agreement for convenience on 30 days' notice.

The carriage services and other products or services procured by Westpac under the Westpac Agreement are acquired under service orders issued by Westpac and include the following:

- DC Connect & Fibre services;
- Enterprise NBN services; and
- NBN Enterprise Ethernet services.

10.9. NetComm Agreement

The Company is a party to a Credit Account Application with NetComm Wireless Limited (**NetComm**) dated 12 April 2016, pursuant to which the Company has the ability to acquire certain telecommunications devices on credit (**NetComm Agreement**).

The NetComm Agreement incorporates a right of retention of title of devices provided under the agreement until payment for those devices has been made. The Company is required to keep the devices separate to its other goods until payment of those devices has been made and it also holds the devices on trust for NetComm. Until payment is made, the Company is not entitled to sell or modify the devices or use them to produce other goods.

10.10. OptiComm Agreement

The Company is a party to a Master Services Agreement (**OptiComm Agreement**) with OptiComm Ltd (**OptiComm**) under which the Company and OptiComm have established wholesale supply agreements in relation to the fibre infrastructure services that OptiComm provides within greenfield developments. Pursuant to the OptiComm Agreement, the Company sells a set of consumer plans similar to the Company's NBN plans to customers in the estates and developments serviced by OptiComm.

The specific services procured by the Company under the OptiComm Agreement are acquired via separate service orders. The OptiComm Agreement will automatically terminate when all services provided under the OptiComm Agreement have expired or otherwise been terminated.

The OptiComm Agreement otherwise enables either party to terminate the agreement without cause on 6 months' written notice. OptiComm may also cancel a service under the OptiComm Agreement where the Company has breached the confidentiality provisions.

OptiComm may require the Company to provide a security deposit, however as at the Prospectus Date, the Company has not been requested by OptiComm to provide a security deposit.

10.11. Equinix Agreement

On 21 February 2019 Wideband Networks Pty Ltd entered into a Master Country Agreement (Singapore) (**Equinix Agreement**) with Equinix Singapore Pte. Ltd. (a company registered in Singapore with Co. Reg. No.:200000041Z) (**Equinix**).

The Equinix Agreement is for data centre and colocation services, whereby the specific services procured by the Group under the agreement are acquired via separate service orders. The Equinix Agreement will automatically terminate when all services provided under the Equinix Agreement have expired or otherwise been terminated.

The Equinix Agreement may be terminated by either party if the other party is in breach of a material condition of the agreement and fails to cure such breach within 30 days after receipt of such notice (or 10 days in the case of a failure to pay fees payable under the Equinix Agreement).

The Equinix Agreement is governed by the laws of Singapore without regard to its conflict of law provisions.

10.12. Cisco Agreement

The Company entered into a Global Commerce Agreement (**Cisco Agreement**) with Cisco Systems Australia Pty Ltd (**Cisco**) on 20 November 2018.

The Company procures certain hardware, software licences and technical and maintenance support services from Cisco pursuant to the Cisco Agreement under separate purchase orders. The initial term of the Cisco Agreement is for one (1) year and is thereafter automatically renewed for successive one (1) year terms. Either party may terminate the Cisco Agreement on 10 days' notice.

The Cisco Agreement may be terminated by either party if the other party breaches its terms and does not cure that breach on 30 days' notice or immediately where the breach is not capable of being remedied.

10.13. Longreach Facility Agreement

Pursuant to a secured term bilateral facility agreement entered into on 21 December 2018 with AMAL Trustees Pty Ltd as trustee for the Longreach Direct Lending Fund (**Longreach**), the Company was granted with a facility limit of \$5.5 million (**Longreach Facility Agreement**). Each Subsidiary is also a party to the Longreach Facility Agreement and has agreed to guarantee the Company's obligations under the facility.

Each member of the Group has also granted a general security over all their respective present and after-acquired property and other future property in favour of Longreach.

The maturity date of the Longreach Facility Agreement is 28 February 2021.

A summary of the key terms of the Longreach Facility Agreement is provided below.

- the Company is required to repay the balance of all outstanding amounts under the facility on the maturity date, being 28 February 2021;
- interest is payable on the facility at a rate of 12% per annum which must be paid in arrears on the last day of each calendar month;
- the Company is required to pay to Longreach a line fee computed in arrears at the rate of 10% per annum;
- the Company may prepay the whole or any part of the outstanding facility (in multiples of \$100,000); and
- default interest is payable on overdue amounts at a rate of 4% per annum from the date the amount was due until payment is made.

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Additional Information

11 Additional Information

11.1. Registration

The Company was registered in Victoria on 7 July 2008 as a proprietary company limited by shares.

On 11 September 2020, in accordance with section 162(1) of the Corporations Act, the Company converted from a proprietary company limited by shares to a public company limited by shares.

11.2. Company tax status

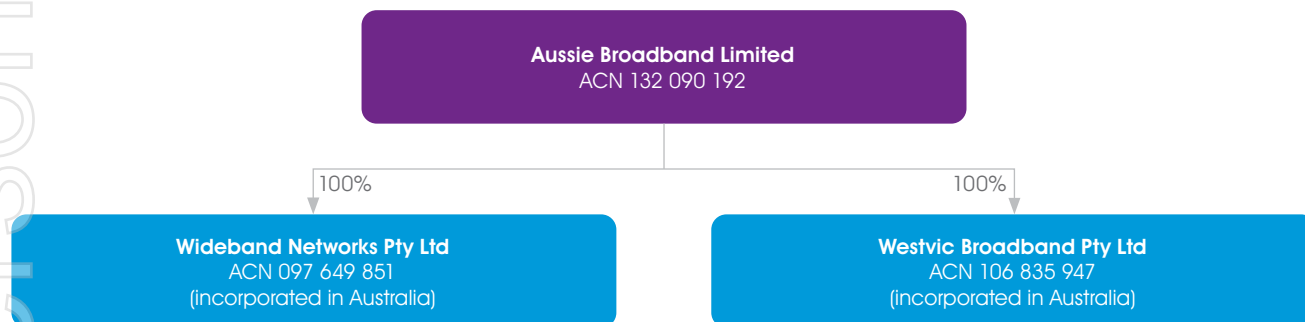
The Company will be taxed in Australia as a public company.

11.3. Corporate structure

The Company is the holding company of each of the following entities:

- Wideband Networks Pty Ltd ACN 097 649 851 (**Wideband Networks**); and
- Westvic Broadband Pty Ltd ACN 106 835 947 (**Westvic Broadband**).

Figure 11.1: Aussie Broadband's corporate structure



Wideband Networks holds the Group's carrier licence which is necessary for the operation of the Group's business. The directors of Wideband Networks are Phillip Britt, John Reisinger and Patrick Greene. Please refer to Section 6.1 of this Prospectus for their profiles.

Westvic Broadband is a dormant entity and does not currently conduct any operational activities. The Board intends that this entity will be voluntarily deregistered following Completion. The directors of Westvic Broadband are Phillip Britt, John Reisinger and Patrick Greene. Please refer to Section 6.1 of this Prospectus for their profiles.

11.4. Long Term Incentive Plan

The Company has established a long-term incentive plan (**LTI Plan**) to assist in the motivation, retention and reward of Executive Directors, Senior Executives and key personnel. The LTI Plan is designed to align the interests of those participants more closely with the interests of Shareholders by providing an opportunity for them to receive an equity interest in the Company through the grant of options or performance rights.

Under the LTI Plan, Directors, management and other key employees identified by the Board can be offered the opportunity to participate in the form of options (including options with a zero-exercise price) and/or performance rights.

11 Additional Information

The key terms of the LTI Plan are set out below:

Figure 11.2: Summary of LTI Plan terms

Issue	Details of LTI Plan
Eligible Participant	A person is eligible to participate in the LTI Plan if that person is declared by the Board to be eligible to participate in the LTI plan and that person is a Director of any member of the Group, a full-time or part-time employee of any member of the Group, or any other person declared by the Board to be eligible (Eligible Participant).
Securities to be issued	As part of the LTI plan, Eligible Participants may be issued the following securities in the Company (Awards): <ul style="list-style-type: none"> • options to acquire Shares (Options); and • entitlements to subscribe for, acquire and/or be allocated Shares for nil consideration (Performance Rights).
Payment for the exercise of Awards	The Board may determine, in its absolute discretion, the fee (if any) payable by an Eligible Participant who has been granted an Award (Participant) for the exercise of Award, which are Options.
Number of securities to be issued	The number of Awards offered to a Participant from time to time will be determined by the Board in its absolute discretion and in accordance with the terms of the LTI Plan.
Vesting of Awards	The Board may determine, in its absolute discretion, the terms and conditions (including performance hurdles and/or vesting conditions) which apply to the vesting of any Awards. Any Awards held by a Participant which has not vested by the relevant expiry date determined by the Board will lapse.
Cessation of employment	Where a Participant ceases employment or office with any member of the Group as a result of a resignation of the Participant or a termination of that Participant's employment or office in certain circumstances (ie due to poor performance, serious or persistent breaches of their employment or engagement contract, becoming disqualified from managing corporations, or serious or gross misconduct): <ul style="list-style-type: none"> • vested Options may continue to be exercisable up to the expiry date unless otherwise determined by the Board; and • any unvested Options and/or Performance Rights will immediately lapse and be forfeited for nominal consideration. <p>If a Participant ceases employment or office with any member of the Group for another reason other than those specified above (i.e. dies, becomes permanently disabled, retires from the workforce or is made redundant):</p> <ul style="list-style-type: none"> • vested Options which have not been exercised will continue to be exercisable up to the expiry date; and • the Board can determine, in its absolute discretion, the manner in which unvested Options and/or Performance Rights will be dealt with.

Issue	Details of LTI Plan
Variation of LTI Plan	<p>Subject to the Listing Rules and the Constitution, the Board will have the power to vary the terms of the LTI Plan at any time and in manner in which it thinks fit.</p> <p>However, the Board may only amend a provision of the LTI Plan rules or to Options and/or Performance Rights granted under the Plan, which materially reduces the rights of Participants in respect of the Awards where the amendment is required for the purposes of complying with any law or the Listing Rules, the amendment is to correct any manifest error or mistake, is introduced primarily to take into consideration possible adverse taxation implications in respect of the LTI Plan, if for the purposes of complying with or confirming to present or future legislation governing the LTI Plan or the amendment will allow the implementation of a trust arrangement in relation to the holding of Shares granted under the LTI Plan.</p>
Change of control	<p>If:</p> <ul style="list-style-type: none"> • a person or entity becomes a legal or beneficial owner of 50% or more of the issued share capital of the Company; • a person or entity becomes entitled to, acquires, holds or has an equitable interest in more than 50% of the issued share capital of the Company; or • the Board determines that another transaction has occurred, or is likely to occur, which involves a significant change to the structure or control of the Company which may adversely affect the value of the Options and Performance Rights, <p>then unless otherwise determined by the Board:</p> <ul style="list-style-type: none"> • unvested Options and Performance Rights granted will vest where the Board considers that all vesting conditions and performance hurdles relating to those Options and Performance Rights have been met; • unvested Options and Performance Rights granted will vest only on a pro rata basis where relevant performance hurdles and vesting conditions have not been met; and • any Option or Performance Right the Board determines will not vest as specified above will automatically lapse.
Buy-back	<p>Subject to applicable laws, the Company may buy-back Awards or Shares issued on the exercise of Awards held by a Participant for:</p> <ul style="list-style-type: none"> • an amount agreed with the Participant; • the market value of the Awards or the relevant Shares (without agreement of the Participant); or • where there is a formal takeover offer made for at least 5% of the Shares, at the price or prices offered by the bidder under the takeover offer.
Restrictions on disposal	<p>Awards issued to a Participant may not be assigned, transferred or encumbered with a security interest unless otherwise agreed by the Board or that assignment or transfer occurs by force of law on the death of a Participant.</p> <p>The Board may determine, in its absolute discretion whether there will be any restrictions on the disposal of or the granting of any security interests over the Shares issued on the exercise of Awards.</p>

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Issue	Details of LTI Plan
Voting rights	The Awards will not give a Participant any voting rights until the relevant Awards are exercised and the Participants holds Shares.
Dividend rights	The Awards will not give a Participant any right to participate in any dividends until the relevant Awards are exercised and the Participants holds Shares.

11.5. Restricted securities and escrow arrangements

An 'escrow' is a restriction on sale, disposal, or encumbering of, or certain other dealings in respect of, the Shares concerned for the period of the escrow, subject to certain exceptions set out in the escrow arrangement.

11.5.1. Mandatory escrow

While the Company will be seeking admission to the Official List under the "assets test", the Company has received in-principle advice from the ASX pursuant to Listing Rule 9.2(b), that Listing Rule 9.1 will not apply to the securities on issue as at the Prospectus Date or the Shares to be issued to the Noteholders (refer to Section 7.3.2 of this Prospectus for more information on the Shares to be issued to the Noteholders) on the basis that the Company has a track record of revenue acceptable to ASX.

Accordingly, ASX mandatory escrow will not apply to any securities on issue following Completion. For more information on the in-principle advice received from the ASX regarding mandatory escrow, please refer to Section 11.13 of this Prospectus.

11.5.2. Voluntary escrow

No voluntary escrow arrangements will apply to any Shares on issue following Completion of the Offer.

11.5.3. Employee Gift Offer Shares

While no escrow arrangements will apply to any Shares issued pursuant to the Employee Gift Offer, under the terms of the offers made under the Employee Gift Offer, Eligible Employees may not sell, transfer or otherwise dispose of any Shares acquired under the Employee Gift Offer for a minimum period of 3 years, unless the Eligible Employee ceases to be employed by the Company, if the Board allows it or the dealing is required by law. Please refer to Section 7.7.6 for further information.

11.6. Underwriting Agreement

The Company and the Lead Manager have entered into an underwriting agreement dated 14 September 2020 (**Underwriting Agreement**) pursuant to which the Lead Manager has agreed to manage and underwrite the Offer (but excluding the Employee Gift Offer, the Customer Offer and the Cleansing Offer) on an exclusive basis.

11.6.1. Commission, fees and expenses

On the Settlement Date, the Company must pay the Lead Manager a management fee equal to 3% (excluding GST) of the proceeds of the Offer.

The Company has also agreed to reimburse the Lead Manager for reasonable costs and expenses incidental to performing its obligations under the Underwriting Agreement.

The Lead Manager must pay any fees due to any co-managers, co-lead managers and brokers appointed by the Lead Manager under the Underwriting Agreement.

11.6.2. Customer Offer Shortfall

If the Customer Offer is undersubscribed and the Company notifies the Lead Manager by no later than 6.00pm on the Customer Offer Closing Date, the shortfall under the Customer Offer (**Customer Offer Shortfall**) will be offered under an institutional shortfall bookbuild conducted by the Lead Manager to Institutional Investors who are eligible to participate in the Institutional Offer (**Customer Offer Shortfall Bookbuild**). The Lead Manager agrees to use best endeavours to procure subscriptions for Shares under the Customer Offer Shortfall but the Lead Manager is under no obligation to successfully place these Shares or underwrite the subscription or payment for these Shares.

If undertaken, the Customer Offer Shortfall Bookbuild is expected to commence on the Customer Offer Closing Date and complete on or before the Closing Date. Please refer to Section 7.6.5 for more information on the Customer Offer Shortfall Bookbuild.

11.6.3. Termination events

The Lead Manager may, at any time from the date of the Underwriting Agreement and on or before 4:00pm on the Settlement Date or at any other earlier time as specified below, terminate the Underwriting Agreement (without any cost or liability to the Lead Manager by notice to the Company), if any of the following events occur:

- (a) (**Prospectus**) a statement in the Prospectus is or becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included is omitted from the Prospectus (including without limitation, having regard to the provisions of Part 6D.2 of the Corporations Act);
- (b) (**new circumstances**) there occurs a new circumstance that arises after the Prospectus Date that would have been required to be included in the Prospectus if it had arisen before the Prospectus Date;
- (c) (**Supplementary Prospectus**) the Company:
 - (i) issues or, in the reasonable opinion of the Lead Manager is required to issue, a Supplementary Prospectus because of the operation of section 719 of the Corporations Act; or
 - (ii) lodges a Supplementary Prospectus with ASIC in a form and substance that has not been approved by the Lead Manager in circumstances required by the Underwriting Agreement;
- (d) (**market fall**) at any time any of the S&P/ASX 300 Indices falls to a level that is 90% or less of the level as at the close of trading on the last trading day before the date of the Underwriting Agreement and closes at or below that 90% level on two consecutive Business Days after the date of the Underwriting Agreement or on the Business Day immediately prior to the Settlement Date;
- (e) (**future matters**) there are not, or there cease to be, reasonable grounds in the reasonable opinion of the Lead Manager for any statement or estimate in the Prospectus which relate to a future matter, or any statement or estimate in the Prospectus that relates to a future matter is, in the reasonable opinion of the Lead Manager, unlikely to be met in the projected time;
- (f) (**fraud**) the Company or any of its respective directors or officers (as those terms are defined in the Corporations Act) engage, or have engaged since the date of this agreement, in any fraudulent conduct or activity whether or not in connection with the Offer;

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- (g) **(listing and quotation)** approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
- (i) the Company's admission to the Official List of ASX on or before the Completion; or
 - (ii) the quotation of the Shares on ASX or for the Shares to be traded through CHESS on or before the Quotation Date,
- or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- (h) **(notifications)** any of the following notifications are made in respect of the Offer:
- (i) ASIC issues an order (including an interim order) under section 739 of the Corporations Act;
 - (ii) ASIC holds a hearing under section 739(2) of the Corporations Act;
 - (iii) an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or an Offer Document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an Offer Document;
 - (iv) any person who has previously consented to the inclusion of its name in the Prospectus (other than the Lead Manager) withdraws that consent; or
 - (v) any person gives a notice under section 730 in relation to the Prospectus (other than the Lead Manager);
- (i) **(certificate not provided)** the Company does not provide a Closing Certificate as and when required by the Underwriting Agreement;
- (j) **(lodgement)** the Company fails to lodge the Prospectus by the Prospectus Date;
- (k) **(withdrawal)** the Company withdraws the Prospectus or the Offer or indicates that it does not intend to proceed with the Offer;
- (l) **(repayment)** any circumstance arises after lodgement of the Prospectus with ASIC that results in the Company either repaying any money received from Applicants under the Offer or offering Applicants under the Offer an opportunity to withdraw their Application for Shares and be repaid their application monies;
- (m) **(insolvency events)** any member of the Group becomes Insolvent, or there is an act or omission which is likely to result in a member of the Group becoming insolvent;
- (n) **(Timetable)** an event specified in the Offer Timetable up to and including the Settlement Date is delayed by more than 2 Business Days (other than any delay caused solely by the Lead Manager or any delay agreed between the Company and the Lead Manager or a delay as a result of an extension of the exposure period by ASIC);
- (o) **(unable to issue Shares)** the Company is prevented from allotting, issuing or transferring the Shares under the Offer, by applicable laws, an order of a court of competent jurisdiction or a Governmental Authority, within the time required by the Listing Rules;
- (p) **(change to Company)** the Company alters the issued capital of the Company or a member of the Group, or disposes or attempts to dispose of a substantial part of the business or property of the Group, without the prior written consent of the Lead Manager (not to be unreasonably withheld or delayed);
- (q) **(regulatory approvals)** if a regulatory body withdraws, revokes or amends any regulatory approvals required for the Company to perform its obligations under the Underwriting Agreement, such that the Company is rendered unable to perform its obligations under the Underwriting Agreement;
- (r) **(change in management)** a change in the Chief Executive Officer, Chief Financial Officer, Chief Technology Officer or any member of the board of directors of the Company occurs, or any of the Chief Executive Officer, Chief Financial Officer or Chief Technology Officer cease to be employed by the Group;
- (s) **(force majeure)** there is after the execution of the Underwriting Agreement an event, occurrence or non-occurrence, or development of an existing event, occurrence or non-occurrence, which makes it illegal

or, in the case of an event, occurrence or non-occurrence that makes it commercially impracticable for the Lead Manager to satisfy a material obligation under the Underwriting Agreement, or to market, promote or settle the offer of Shares under the Offer, or that causes the Lead Manager to delay satisfying a material obligation under the Underwriting Agreement, including:

- (i) any acts, statute, order, rule, regulation, directive or requirement of a regulatory body, orders of any courts, lockdowns, lock-outs, forced closures, restrictions on mobility, or interruptions or restrictions in transportation which has this impact; or
- (ii) any acts of God or other natural forces, civil unrest or other civil disturbance, currency restriction, embargo, action or inaction by a regulatory, or any other similar event;
- (f) **(Material Contracts)** if any of the material obligations of the relevant parties under any of the material contracts referred to in Section 10 of this Prospectus (other than the Customer Agreements) are not capable of being performed in accordance with their terms (in the reasonable opinion of the Lead Manager) or if all or any material part of any of such material contracts:
 - (i) is terminated, withdrawn, rescinded, avoided or repudiated;
 - (ii) is altered, amended or varied without the consent of the Lead Manager (acting reasonably);
 - (iii) is breached, or there is a failure by a party to comply;
 - (iv) ceases to have effect, otherwise than in accordance with its terms; or
 - (v) is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and affect, or its performance is or becomes illegal; or
- (u) **(prosecution)** any of the following occur:
 - (i) any Director or proposed Director named in the Prospectus is charged with an indictable offence;
 - (ii) any regulatory body charges or commences any court proceedings or public action against the Company or any of its Directors in their capacity as a director of the Company, or announces that it intends to take action; or
 - (iii) any Director or any proposed Director named in the Prospectus of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act.

11.6.4. Termination events subject to materiality

The Lead Manager may, at any time from the date of the Underwriting Agreement and on or before 4:00pm on the Settlement Date or at any other time as specified below, terminate the Underwriting Agreement (without any cost or liability to the Lead Manager by written notice to the Company), if any of the following events occur and the Lead Manager has reasonable grounds to believe and, acting reasonably, does believe, that the event has or is likely to have a material adverse effect on the success, settlement or marketing of the Offer or on the ability of the Lead Manager to market or promote or settle the Offer or on the likely price at which the Offer Shares will trade on ASX, the willingness of investors to subscribe for the New Shares, or will, or is likely to, give rise to a liability of the Lead Manager under, or give rise to, or result in, a contravention by the Lead Manager or its affiliates or the Lead Manager or its affiliates being involved in a contravention of, any applicable law:

- (a) **(Offer Documents other than Prospectus)** a statement in the Offer Documents (other than the Prospectus) is or becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included is omitted from the Offer Documents (other than the Prospectus) (including without limitation, having regard to the provisions of Part 6D.2 of the Corporations Act);

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- (b) **(future matters)** there are not, or there cease to be, reasonable grounds in the reasonable opinion of the Lead Manager for any statement or estimate in an Offer Document (other than the Prospectus) which relate to a future matter, or any statement or estimate in an Offer Document (other than the Prospectus) that relates to a future matter that is, in the reasonable opinion of the Lead Manager, unlikely to be met in the projected time;
- (c) **(disclosures in the due diligence report)** the due diligence report (prepared for the Offer) is, or becomes, false, misleading or deceptive, including by way of omission;
- (d) **(adverse change)** any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group, including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group from those respectively disclosed in any Offer Document;
- (e) **(change of law)** there is introduced, or there is a public announcement of a proposal to introduce, a new law or regulation or government policy in Australia (other than a law or policy which has been announced before the date of the Underwriting Agreement);
- (f) **(breach of laws)** there is a contravention by the Company or any entity in the Group of the Corporations Act, the *Competition and Consumer Act 2010* (Cth), the ASIC Act, its constitution, or the Listing Rules;
- (g) **(compliance with law)** any of the Offer Documents or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules, or any other applicable law or regulation;
- (h) **(licences)** any licence, permit, authorisation or consent held by a member of the Group that is necessary to conduct its business is revoked, withdrawn, rescinded, breached, terminated, altered or amended (other than with the consent of the Lead Manager);
- (i) **(encumbrance)** other than as disclosed in the Prospectus (if any), the Company creates or agrees to create an encumbrance (other than a permitted encumbrance) over the whole or a substantial part of its business or property.
- (j) **(representations and warranties)** a representation or warranty contained in the Underwriting Agreement on the part of the Company is breached, becomes not true or correct or is not performed;
- (k) **(breach)** the Company defaults on one or more of its obligations under the Underwriting Agreement;
- (l) **(constitution)** the Company varies any term of its constitution without the prior written consent of the Lead Manager;
- (m) **(legal proceedings)** legal proceedings against any member of the Group or against any director of such member in that capacity is commenced or threatened or any regulatory body commences or threatens any enquiry or public action against a member of the Group;
- (n) **(information supplied)** any information supplied (including any information supplied prior to the date of the Underwriting Agreement) by or on behalf of a member of the Group to the Lead Manager in respect of the Offer or the Group is, or is found to be, misleading or deceptive, or is likely to mislead or deceive (including by omission);
- (o) **(hostilities)** hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, Hong Kong, New Zealand, Singapore or the United States, or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries;
- (p) **(certificate incorrect)** a statement in any Closing Certificate is false, misleading, inaccurate or untrue or incorrect; or
- (q) **(disruption in financial markets)** any of the following occurs:
 - (i) a general moratorium on commercial banking activities in Australia, New Zealand, the United Kingdom or the United States is declared by the relevant central banking authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;

- (ii) any adverse effect on the financial markets in Australia, New Zealand, the United Kingdom or the United States, or in the foreign exchange rates or any development involving a prospective change in political, financial or economic conditions in any of those countries; or
- (iii) trading in all securities quoted or listed on ASX, the New York Stock Exchange or NASDAQ is suspended or limited in a material respect for 1 day (or a substantial part of one day) on which that exchange is open for trading.

11.6.5. Representations, warranties and undertakings

The Underwriting Agreement contains representations, warranties and undertakings provided by the Company to the Lead Manager. The representations and warranties relate to matters such as its powers and capacities, its conduct (including in respect of its compliance with applicable laws and the Listing Rules, business and status, ongoing due diligence and disclosure), the Offer Documents, the information provided (including the Financial Information), insolvency, the conduct of the Offer, litigation and insurance.

The Company's undertakings include that it will not, during the 180 day period after Completion of the Offer, alter its capital structure, amend its constitution or dispose of its business or property in whole or substantial part, without the prior written consent of the Lead Manager (such consent not to be unreasonably withheld or delayed).

11.6.6. Indemnity

The Company agrees to keep the Lead Manager and certain of the Lead Manager's affiliated parties indemnified from losses suffered in connection with the Offer, subject to customary exclusions (including fraud, wilful misconduct, recklessness or gross negligence of the indemnified party).

11.7. Related party arrangements

Except as set out elsewhere in this Prospectus, the Company is not party to any material related party arrangements requiring disclosure under this Prospectus.

11.8. Consents and disclaimers of responsibility

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by the following parties:

- Shaw and Partners Limited has given, and has not withdrawn, prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Lead Manager and Underwriter to the Offer in the form and context in which it is named. To the extent permitted by law, Shaw and Partners Limited takes no responsibility for any part of this Prospectus other than any reference to its name.
- Gadens has given, and has not withdrawn, prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal advisor to the Company (except in relation to taxation and stamp duty) in the form and context in which it is named. Gadens takes no responsibility for any part of this Prospectus other than any reference to its name.
- KPMG Financial Advisory Services (Australia) Pty Limited has given, and has not withdrawn, prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Investigating Accountant to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Prospectus of the Independent Limited Assurance Report in the form and context in which it is included. KPMG Financial Advisory Services (Australia) Pty Limited takes no responsibility for any part of this Prospectus other than any reference to its name and the Independent Limited Assurance Report.

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- Findex Group Limited has given, and has not withdrawn, prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Corporate Advisor to the Company in the form and context in which it is named. Findex Group Limited takes no responsibility for any part of this Prospectus other than any reference to its name.
- KPMG (the partnership) has given, and has not withdrawn, prior to lodgement of this Prospectus with ASIC, its written consent to be named in the Prospectus as auditor of the Company.
- Link Market Services Limited has given, and has not withdrawn, prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named. Link Market Services Limited has not authorised or caused the issue of and expressly disclaims and takes no responsibility for any part of this Prospectus.

11.9. Substantial Shareholders

It is expected that the following persons will have a "substantial holding" (as that term is defined in the Corporations Act) in the Company following Completion (at the Minimum Subscription and Maximum Subscription respectively).

Figure 11.3: Substantial Shareholders

Shareholder	Minimum Subscription		Maximum Subscription	
	Shares	Relevant Interest	Shares	Relevant Interest
Digital Interworks Pty Ltd (including Phillip Britt ¹)	19,546,809	10.83%	19,546,809	10.26%
Intertubes Pty Ltd (including John Reisinger ²)	19,546,809	10.83%	19,546,809	10.26%
Regal Funds Management Pty Ltd	16,059,534	8.90%	16,059,534	8.43%
Ian Watson Holding Company Pty Ltd	14,572,147	8.07%	14,572,147	7.65%
Panama Trial Pty Ltd (including Patrick Greene ³)	12,148,342	6.73%	12,148,342	6.38%
Mawson Investments No.9 Pty Ltd	10,310,942	5.71%	10,310,942	5.41%
Total	92,184,583	51.06%	92,184,583	48.38%

Notes:

- Phillip Britt holds more than 20% of the voting power in Digital Interworks Pty Ltd and thus is deemed under Section 608(3) of the Corporations Act to also have the same Relevant Interest in the Company as Digital Interworks Pty Ltd.
- John Reisinger holds more than 20% of the voting power in Intertubes Pty Ltd and thus is deemed under Section 608(3) of the Corporations Act to also have the same Relevant Interest in the Company as Intertubes Pty Ltd.
- Patrick Greene holds more than 20% of the voting power in Panama Trial Pty Ltd and thus is deemed under Section 608(3) of the Corporations Act to also have the same Relevant Interest in the Company as Panama Trial Pty Ltd.

The above assumes no additional participation by the substantial Shareholders in the Offer and does not take into account any increase in voting power that may arise if Options (if any) held by the substantial Shareholders are exercised.

Final holdings of all substantial Shareholders will be notified to the ASX on the Company's Listing.

11.10. Control implications of the Offer

The Directors do not expect any Shareholder to 'control' the Company on Completion (as defined in Section 50AA of the Corporations Act).

11.11. Security Interests

There are several asset specific security interests registered on the PPS Register against each of the following members of the Group:

- Aussie Broadband Limited; and
- Wideband Networks Pty Ltd.

These security interests generally relate to equipment finance leases for the provision of networking equipment (including Carrier-Grade NAT equipment), packaging machinery, cabling goods and staff uniforms, for the purposes of the ordinary trading of the Group.

In addition to the asset specific security interests described above, there are also security interests registered on the PPS Register over all of the present and after acquired property of:

- Aussie Broadband Limited;
- Wideband Networks Pty Ltd; and
- Westvic Broadband Pty Ltd.

each in favour of Australia and New Zealand Banking Group Limited (**ANZ**) and Longreach.

The security interests registered against the Company, Wideband Networks and Westvic Broadband by ANZ, relate to credit card facilities.

The security interests registered against Company, Wideband Networks and Westvic Broadband by Longreach relate to the term facility advanced by Longreach pursuant to the Longreach Facility Agreement. Please refer to Section 10.13 for a summary of the key terms of the Longreach Facility Agreement.

11.12. ASIC relief

The Company has relied on class relief granted by ASIC from section 734(2) of the Corporations Act in *ASIC Corporations (Market Research and Roadshows) Instrument 2016/79* to allow companies to conduct limited market research and roadshow presentations in relation to offers which require a disclosure document.

The Company has applied for, and has been granted approval from ASIC, for an exemption pursuant to section 741(1)(a) of the Corporations Act from compliance with section 734(2) (Restrictions on advertising and publicity) to allow the Company to communicate with its employees and security holders in relation to the Offer, on the terms and subject to the conditions, set out in the relief instrument.

11.13. ASX waivers

The Company has received in-principle advice from the ASX pursuant to Listing Rule 9.2(b), that Listing Rule 9.1 will not apply to the securities on issue as at the Prospectus Date or the Shares to be issued to the Noteholders (refer to Section 7.3.2 of this Prospectus for more information on the Shares to be issued to the Noteholders) on the basis that the Company has a track record of revenue acceptable to ASX.

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11.14. Expenses of the Offer

If the Offer proceeds, the total estimated cash costs in connection with the Offer payable by the Company (including advisory, legal, accounting, tax, listing and administrative fees, the Underwriter's management fees, Prospectus design and printing, advertising, marketing, share registry and other expenses) are currently estimated to be \$3.3 million and \$3.9 million (excluding recoverable GST), on the Minimum Subscription and the Maximum Subscription respectively.

11.15. Privacy

Persons who make an Application for Shares will be providing personal information to the Company directly, or to the Share Registry indirectly and consent to the collection, holding and use of that personal information in accordance with these terms. The Company and the Share Registry may collect, hold and use personal information to process and assess Applications for Shares, service the needs of a security holder, facilitate distribution payments and corporate communications with the security holder, provide facilities requested and carry out appropriate administration. The Australian taxation legislation and the Corporations Act require personal information about Applicants, including name, address and details about Shares, to be included on the Share register. Personal information held on the Share register must be accessible to the public under the Corporations Act and will continue to be included on the Share register where a Shareholder ceases to be a security holder.

Personal information of security holders may also be used from time to time, and disclosed for purposes relating to the security holder's their investment, to the Company's agents and third party service providers, on the basis that they deal with such information in accordance with relevant privacy laws or as otherwise required under the *Privacy Act 1988* (Cth) (**Privacy Act**). The Company may engage with such third parties in the following circumstances: in connection with the ordinary conduct of its operations; to persons inspecting the register; to bidders for securities in the context of takeovers; to regulatory bodies, including ASX, ASIC and the ATO; to authorised securities brokers; to legal and accounting firms, auditors and other advisers for the purpose of advising on the Shares; to print service providers, mail houses; and to the Share Registry.

The Company's agents may be located outside of Australia. Except where an exception applies under the Privacy Act or other relevant legislation, the Company will take commercially reasonable steps to ensure that overseas recipients to whom it discloses personal information do not breach the Australian Privacy Principles stated in the Privacy Act in relation to such information. From time to time the Company may contract overseas commercial organisations to provide products or services to the Company or its clients.

The Company aims to ensure the personal information it holds is accurate, complete and up to date. Shareholders may request access to, correction of and an update to the personal information that the Company holds about them by contacting the Share Registry or the Company. Shareholders will generally be provided access to their personal information, subject to some exceptions permitted by law. Shareholders may be required to pay a reasonable fee to the Share Registry or the Company to gain access to their personal information. Shareholders should contact the Company or the Share Registry if they wish to lodge a complaint about the management of their personal information, request access or amendment to their personal information or obtain further information about the Company's privacy practices by using the relevant contact numbers set out on the inside back cover of this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act, the Corporations Act and certain rules such as the ASX Settlement Operating Rules. Persons who make an Application should note that if all the information required on the Application Form is not provided, the Company may not be able to accept or process the Application.

11.16. Litigation and claims

So far as the Directors are aware, as at the Prospectus Date, there are no legal proceedings to which the Company is a party that it believes are likely to have a material adverse impact on the future financial results of the Company and the Directors are not aware of any such legal proceedings that are pending or threatened.

11.17. Working capital statement

The Directors believe that, on Completion, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.

11.18. Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the law applicable in Victoria, Australia and each Applicant and bidder submits to the exclusive jurisdiction of the courts of Victoria, Australia.

11.19. Statement of Directors

The issue of this Prospectus has been authorised by each Director, each of whom has consented to lodgement of the Prospectus with ASIC and the issue of the Prospectus and has not withdrawn that consent.

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Term	Meaning
AAS	Australian Accounting Standards.
ABN	Australian Business Number.
ACCC	Australian Competition and Consumer Commission.
ACMA	Australian Communications and Media Authority.
ADSL	Asymmetric Digital Subscriber Line.
AEST	Australian Eastern Standard Time.
Applicant	A person who submits an Application.
Application	An application for Shares under the Offer described in this Prospectus.
Application Form	Each of the paper and electronic application forms attached to, or accompanying, this Prospectus (including the electronic form provided by an online application facility) upon which an Application may be made.
Application Monies	The amount accompanying an Application Form submitted by an Applicant.
ARPU	Average monthly revenue per user.
ASIC	Australian Securities and Investments Commission.
ASIC Act	<i>Australian Securities and Investments Commission Act 2001</i> (Cth).
ASX	ASX Limited ACN 008 624 691 or where the context requires, the Australian Securities Exchange, which it operates.
ASX Recommendations	The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (fourth edition).
ASX Settlement Operating Rules	The settlement rules of ASX Settlement Pty Ltd ABN 49 008 504 532.
ATO	Australian Taxation Office.
Australian Consumer Law	Schedule 2 of the Competition Act.
Award	Has the meaning given in Section 11.4.
Backhaul	A telecommunications link connecting two locations together.

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Term	Meaning
Board or Board of Directors	The board of directors of the Company.
Broker	Any ASX participating organisation selected by the Lead Manager and the Company to act as a broker to the Broker Firm Offer.
Broker Firm Application Form	The Application Form attached to this Prospectus in respect of the Broker Firm Offer.
Broker Firm Offer	The offer of Shares under this Prospectus to Australian resident retail clients of Brokers who have received a firm allocation from their Broker provided that such clients are not in the United States, as described in Section 7.4.
Business	Unless the context requires otherwise, means the 'Business' segment of the Company's business model described in Section 3.4.2.2.
Business Day	A day on which ASX is open for trading securities and banks are open for general banking business in Melbourne, Australia.
Carbon Portal	The Company's customer service platform for business NBN customers, as described in Section 3.5.2.2.
CFO	Chief Financial Officer.
CGT	Capital gains tax.
Chair	The chair of the Board.
CHESS	Clearing House Electronic Subregister System, operated in accordance with the Corporations Act.
Cisco	Has the meaning given in Section 10.12.
Cisco Agreement	The agreement entered into between the Company and Cisco, as described in Section 10.12 of this Prospectus.
Cleansing Offer	The Offer of 1 New Share at the Offer Price for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Cleansing Offer Closing Date.
Cleansing Offer Closing Date	The date on which the Cleansing Offer is expected to close, being 5:00pm (Melbourne time) Monday, 26 October 2020, or such other date and time determined by the Board.

Term	Meaning
Closing Certificate	A certificate executed by the Company and delivered to the Lead Manager in accordance with the Underwriting Agreement and which certifies (amongst other things) the Company's compliance with its obligations under the Underwriting Agreement and the Offer.
Closing Date	The date on which the Broker Firm Offer, Priority Offer and Employee Gift Offer are expected to close, being 5:00pm (AEST) on Monday, 19 October 2020, or such other date and time determined by the Board.
Company or Aussie Broadband	Aussie Broadband Limited ACN 132 090 192.
Competition Act	<i>Competition and Consumer Act 2010</i> (Cth).
Completion or Completion of the Offer	Completion of the issue of Shares to Applicants under the Offer.
Constitution	The constitution of the Company.
Convertible Note or Note	A convertible note that may convert into Shares.
Corporate Shareholder	Has the meaning given in Section 9.2.2.3.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
CTO	Chief Technology Officer.
Customer Number	In relation to each Eligible Customer, their unique identifying number assigned by the Company (please refer to Section 7.6.1 for more information).
Customer Agreements	The agreements entered into between the Company and subscribers of the Company's services, as described in Section 10.1 of this Prospectus.
Customer Offer	The Offer of Shares to Eligible Customers as described in Section 7.6 of this Prospectus.
Customer Offer Closing Date	The date on which the Customer Offer is expected to close, being 5:00pm (AEST) on Monday, 12 October 2020, or such other date and time determined by the Board.
Customer Offer Shortfall	Has the meaning given in Section 7.6.5.
Customer Offer Shortfall Bookbuild	Has the meaning given in Section 7.6.5.
CY or Calendar Year	A year ended or ending 31 December.

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Term	Meaning
Digital Subscriber Line or DSL	A broadband technology that transmits data over copper lines.
Director	Each Director of the Company from time to time.
Dollars or \$ or A\$ or AUD	The lawful currency of the Commonwealth of Australia.
EBIT	Earnings before interest and taxation.
EBITDA	Earnings before interest, depreciation, amortisation and taxation.
Eligible Customer	Persons residing in Australia who are account holders of an active subscription for any of the Company's products or services, which product or service is active as at 11:59pm (Melbourne time) on 7 September 2020 (please refer to Section 7.6.1 for more information).
Eligible Employees	Permanent full-time and part-time employees of the Company resident in Australia, who are not located in the United States and who are still employed by the Company as at 5:00pm (Melbourne time) on 14 September 2020 and who have not, at that time, given or received notice that their employment will cease. Directors, senior executives, casual employees and employees resident outside of Australia are not eligible to participate in the Employee Gift Offer.
Eligible US Fund Manager	Has the meaning given in Section 7.13.2.1.
Employee Gift Offer	The gift of \$1,000 worth of Shares under this Prospectus to Eligible Employees, as described in Section 7.7.
Enterprise Value	The value of a company's market capitalisation plus the market value of its net debt.
Equinix	Has the meaning given in Section 10.11.
Equinix Agreement	The agreement entered into between Wideband and Equinix, as described in Section 10.11 of this Prospectus.
Ethernet	A common method of networking computers in a local area network using a variety of forms of cabling.
Expiry Date	The date that is 13 months after the Prospectus Date.
Exposure Period	The period commencing on the Prospectus Date and ending seven (7) days after the Prospectus Date, subject to any extension of the period by ASIC.
Fetch TV	Has the meaning given in Section 10.5.

Term	Meaning
Fetch TV Agreement	The agreement entered into between the Company and Fetch TV, as described in Section 10.5 of this Prospectus.
Financial Information	As defined in Section 4.1, together, the: <ul style="list-style-type: none"> • Historical Financial Information; and • Forecast Financial Information.
Forecast Financial Information	As defined in Section 4.1, together, the: <ul style="list-style-type: none"> • Statutory Forecast Financial Information; and • Pro Forma Forecast Financial Information.
FY18	The financial year ended 30 June 2018.
FY19	The financial year ended 30 June 2019.
FY20	The financial year ended 30 June 2020.
FY21F or Forecast Period	The financial year ended 30 June 2021.
FY23	The financial year ended 30 June 2023.
GB	Gigabits.
Gbps	Gigabits per second.
GBE	A Government Business Enterprise, being a Commonwealth entity or Commonwealth company that is prescribed by the rules promulgated under the <i>Public Governance, Performance and Accountability Act 2013</i> (Cth).
Group	The Company and the Subsidiaries.
GST	Goods and services tax.
HIN	Holder identification number.
Historical Financial Information	As defined in Section 4.1, together, the: <ul style="list-style-type: none"> • Statutory Historical Financial Information; and • Pro Forma Historical Financial Information.
Hong Kong	The Hong Kong Special Administrative Region of the People's Republic of China.
IFRS	International Financial Reporting Standards.

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Term	Meaning
ISDN	Integrated Services Digital Network, which is a set of communication standards for simultaneous digital transmission of voice, video, data, and other network services over the traditional circuits of the public switched telephone network.
Independent Limited Assurance Report	The report contained in Section 8.
Institutional Investor	<p>Investors who are persons:</p> <ul style="list-style-type: none"> • in Australia who are either "professional investors" or "sophisticated investors" under sections 708(11) and 708(8) of the Corporations Act respectively; or • in certain other jurisdictions, as agreed by the Company and the Lead Manager, to whom offers of Shares may lawfully be made without the need for any lodged or registered disclosure document or filing with, or approval by, any governmental agency (except one with which the Company is willing in its discretion to comply), <p>provided that in each case, such investors (other than Eligible US Fund Managers) are not in the United States.</p>
Institutional Offer	The invitation under this Prospectus to certain Institutional Investors to apply for Shares.
Investigating Accountant	KPMG Financial Advisory Services (Australia) Pty Ltd ACN 007 363 215.
IPO	The initial public offering of fully paid Shares in the Company offered under this Prospectus that will be issued by the Company.
Lead Manager	Shaw and Partners Limited ACN 003 221 583.
Listing	Admission of the Company to the Official List and quotation of the Shares on ASX.
Listing Rules	The official listing rules of the ASX.
Longreach	Has the meaning given in Section 10.13.
Longreach Facility Agreement	The agreement entered into by the Company and Longreach, as described in Section 10.13 of this Prospectus.
LTI Plan	The Company's long term incentive plan described in Section 11.4.
Maximum Subscription	The maximum subscription amount being sought by the Company under the Offer, being \$40 million (before costs of the Offer).
Melbourne time	The time in Melbourne, Australia.
Mbps	Megabits per second.

Term	Meaning
Minimum Subscription	The minimum subscription amount being sought by the Company under the Offer, being \$30 million (before costs of the Offer).
MSP	Managed Service Provider.
MyAussie App	The Company's customer service platform for residential NBN customers, as described in Section 3.5.2.2.
NBN	NBN, Australia's national broadband network.
NBN Agreement	The agreement entered into between the Company and NBN Co, as described in Section 10.2 of this Prospectus.
NBN Co	NBN Co Limited ACN 136 533 741, a government business enterprise (GBE).
NetComm	Has the meaning given in Section 10.9.
NetComm Agreement	The agreement entered into between the Company and NetComm, as described in Section 10.9 of this Prospectus.
New Shareholders	Individuals or entities that obtain New Shares.
New Shares	Shares issued pursuant to the Offer.
NEXTDC	Has the meaning given in Section 10.7.
NEXTDC Agreement	The agreement entered into between the Company and NEXTDC, as described in Section 10.7 of this Prospectus.
Noteholder	A holder of Convertible Notes.
NPAT	Net profit/(loss) after tax.
Offer	The offer of Shares under this Prospectus, which is comprised of the Institutional Offer, Broker Firm Offer, Priority Offer, Customer Offer, Employee Gift Offer and Cleansing Offer.
Offer Documents	Documents issued or published by, or on behalf of, the Company in respect of the Offer, being the Prospectus (including a draft pathfinder prospectus), the Application Form and any supplementary or replacement Prospectus.
Offer Information Line	1800 677 648 (within Australia) or +61 1800 677 648 (outside Australia) from 8:30am to 5:30pm (Melbourne time), Monday to Friday (excluding public holidays).
Offer Period	The period commencing on the Opening Date and ending on the Cleansing Offer Closing Date.
Offer Price	\$1.00 per Share.

12 Glossary

Term	Meaning
Offer Website	http://investors.aussiebroadband.com.au
Official List	The official list of entities that ASX has admitted and not removed from listing.
Opening Date	The date the Broker Firm Offer, Priority Offer, Customer Offer, Employee Gift Offer and Cleansing Offer open being 9:00am (AEST) on Tuesday, 22 September 2020, or such other date determined by the Board.
OptiComm	Has the meaning given in Section 10.10.
OptiComm Agreement	The agreement entered into between the Company and OptiComm, as described in Section 10.10 of this Prospectus.
Option	An option to acquire a Share in consideration for payment of the applicable exercise price (if any).
Participant	Has the meaning given in Section 11.4.
PBX	Private Branch Exchange, which is a private telephone network used within a company or organisation.
Performance Right	Has the meaning given in Section 11.4.
POI	Points of Interconnect, a location where RSPs connect to the NBN.
PPS Register	The Personal Property Securities Register maintained by the Commonwealth Government pursuant to the <i>Personal Property Security Act 2009</i> (Cth).
Priority Offer	The component of the Offer under which investors who have received an invitation can apply for Shares, as discussed in Section 7.5.
Priority Offer Applicant	A person who submits an Application under the Priority Offer.
Professional Investor	As defined in sections 9 and 708(11) of the Corporations Act.
Prospectus	This prospectus issued by the Company for the purposes of Chapter 6D of the Corporations Act (including the electronic form of this Prospectus), under which Shares are offered for subscription.
Prospectus Date	The date on which this Prospectus was lodged with ASIC, being 14 September 2020.
Pro Forma Financial Information	Has the meaning given in Section 4.1.
Pro Forma Forecast Financial Information	Has the meaning given in Section 4.1.

Term	Meaning
Pro Forma Forecast Income Statement	Has the meaning given in Section 4.1.
Pro Forma Forecast Statement of Cash Flows	Has the meaning given in Section 4.1.
Pro Forma Historical Financial Information	Has the meaning given in Section 4.1.
Pro Forma Historical Income Statements	Has the meaning given in Section 4.1.
Pro Forma Historical Statement of Cash Flows	Has the meaning given in Section 4.1.
Pro Forma Historical Statement of Financial Position	Has the meaning given in Section 4.1.
Quotation Date	Has the meaning given in the Underwriting Agreement, which as at the Prospectus Date, is 27 October 2020.
Relevant Interest	As defined in sections 9 and 608 of the Corporations Act.
Residential	Unless the context requires otherwise, means the 'Residential' segment of the Company's business model described in Section 3.4.2.1
Retail Service Provider or RSP	A third party provider of telecommunications, entertainment and other retail communication services to end users. Traditionally called an 'Internet Service Provider' (ISP), but unlike ISPs under the NBN regulation, RSPs do not own the telecommunications access network used to provide the service and must acquire wholesale access from the network operator.
Senior Executives	Any or all of the senior executives of the Company referred to in Section 6.2 of this Prospectus (as the context requires), but excluding the Directors.
Settlement Date	Has the meaning given in the Underwriting Agreement, which as at the Prospectus Date, is 21 October 2020.
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	A holder of Shares from time to time.
Share Registry	Link Market Services Limited ACN 083 214 537.

12 Glossary

Term	Meaning
Shortfall Shares	The total number of Shares under the Offer for which valid applications have not been received in accordance with the terms of the Underwriting Agreement.
Sophisticated Investor	Investors to whom an offer of securities does not need disclosure under Part 6D.2 of the Corporations Act pursuant to section 708(8) of the Corporations Act.
Statutory Financial Information	Has the meaning given in Section 4.1.
Statutory Forecast Financial Information	Has the meaning given in Section 4.1.
Statutory Forecast Income Statement	Has the meaning given in Section 4.1.
Statutory Forecast Statement of Cash Flows	Has the meaning given in Section 4.1.
Statutory Historical Financial Information	Has the meaning given in Section 4.1.
Statutory Historical Income Statements	Has the meaning given in Section 4.1.
Statutory Historical Statement of Cash Flows	Has the meaning given in Section 4.1.
Statutory Historical Statement of Financial Position	Has the meaning given in Section 4.1.
STI Plan	The Company's short term incentive plan described in Section 6.3.4.3
Subsidiaries	Wideband Networks and Westvic Broadband.
Symbio	Has the meaning given in Section 10.6.
Symbio Agreement	The agreement entered into between the Company and Symbio, as described in Section 10.6 of this Prospectus.
TB	Terrabits.
Telecommunications Act	<i>Telecommunications Act 1997</i> (Cth).
Telstra	Has the meaning given in Section 10.3.

Term	Meaning
Telstra Agreement	The agreement entered into between Wideband Networks and Telstra, as described in Section 10.3 of this Prospectus.
TFN	Tax file number.
Underwriter	The Lead Manager.
Underwriting Agreement	The underwriting agreement dated 14 September 2020 between the Company and the Lead Manager in connection with the Offer as described in Section 11.6 of this Prospectus.
United States	United States of America.
US Person	A person resident in the United States.
US Securities Act	<i>United States Securities Act of 1933</i> , as amended.
USD or US\$	The lawful currency of the United States.
Vocus	Has the meaning given in Section 10.4.
Vocus Agreement	The agreement entered into between Wideband Networks and Vocus, as described in Section 10.4 of this Prospectus.
VOIP	Voice over internet protocol (internet based telephony).
Westpac	Has the meaning given in Section 10.8.
Westpac Agreement	The agreement entered into between the Company and Westpac, as described in Section 10.8 of this Prospectus.
Westvic Broadband	Westvic Broadband Pty Ltd ACN 106 835 947.
Wideband Networks	Wideband Networks Pty Ltd ACN 097 649 851.

Appendix A:

Significant Accounting Policies

Appendix A: Significant Accounting Policies

Basis of Preparation

The consolidated financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB').

These consolidated financial statements also comply with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

The consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of intangible assets.

The consolidated financial statements provide comparative information in respect of the previous period. The accounting policies have been applied consistently to all periods presented in the financial statements except for AASB16 Leases which has been applied using the modified retrospective transition approach available under the standard from 1 July 2019.

Significant Accounting Policies

Revenue

Revenue from contracts with customers

The Group's primary revenue streams relate to the provision of NBN internet services, together with related hardware, to Residential and Business customers.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer, with the exception of new development connections, for which the Group considers itself to be an agent.

The Group's primary performance obligations are the supply of internet data services and related hardware. Generally, contracts are a bundle of goods and services including NBN services, related hardware such as modems, mobile broadband and handsets. The Group allocates the transaction price to the distinct goods and services in the bundle based on observable standalone selling prices of these products and services. However, any lease components (with the Group as lessor) are separated and accounted for under the lease accounting standard, AASB16.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery of those goods at the customer's location.

Rendering of services

Revenue is recognised when control has transferred to the customer. Transfer of control from sale of services occurs based on passage of time (for contracts with fixed monthly fees) or when the services have been consumed (for usage or excess based contracts).

Billing in advance

Where goods or services have been billed in advance and the performance obligations to transfer the goods or services to the customer have not been satisfied, the consideration received will be recognised as revenue received in advance and recognised as a contract liability until such time as those performance obligations are met, and revenue is recognised.

Appendix A: Significant Accounting Policies

Residential contracts

Residential sales represent sales to residential property owners for NBN services and related hardware. Residential contracts are described as 'no lock-in contracts' whereby the customer can terminate the services at any time. In such a situation, the customer is entitled to a pro-rata refund of the monthly subscription fee paid in advance. For these contracts, the enforceable duration of the contract is short-term (less than 1 month).

Business customer contracts

Business sales represent sales to small, medium and large enterprises including government for telecommunication services, including NBN, telephony, other internet and support services. Business contracts are generally described as 'no lock-in contracts' and operate on a similar basis to residential contracts. Some business contracts are based on a fixed monthly charge for each service/hardware provided and range in duration from 12 to 36 months. Penalties to the customer apply in the event of early termination and accordingly the enforceable duration of the contracts coincide with the term stipulated in the contract. Modems, hardware and telephony systems provided under these contracts are generally considered to represent leases, with the Group as lessor, and are accounted for in accordance with AASB16.

Costs to obtain a contract (sales commissions)

Sales commissions paid under the long term contract commission structure are directly attributable to obtaining customer contracts mainly in the Business customer segment and are paid or payable throughout the life in relation to the acquired customer. The sales commissions value is determined and payable on a regular basis over the period that customer ultimately remains with the Group. As such, the costs are expensed as incurred.

Management has elected to apply the practical expedient to immediately expense commissions payable or paid on any sales contract which has a term of 12 months or less.

Sales commissions paid under the sales commission scheme are immediately expensed as and when paid. These commissions are based on sales made to Residential and Business customers who are under a 'no-lock-in' contract and therefore the contract operates on a month-to-month basis.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of equipment provide customers with a right to return the goods within a specified period. The rights of return and volume rebates give rise to variable consideration.

Significant financing component

The payment terms in the Group's contracts range from monthly in advance for the goods or services to 30 days. On this basis, it is considered that there is not a significant time difference between payment and performance by the Group (either providing the goods or services). Accordingly, the Group does not believe that the contracts contain a significant financing component.

Accounting Judgements

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew (eg construction of significant leasehold improvements or significant customisation to the leased asset).

Typically the Group includes the renewal period as part of the lease term for:

- Property leases with shorter non-cancellable periods (3 – 5 years). The Group historically exercises these renewal options.
- The Group also has several leases of space on towers to which it attaches its broadband communication equipment. Many of these leases are in 'hold-over' whereby the non-cancellable period of the lease has expired however the Group is entitled to continue to lease the tower space on a month-to-month basis. The Group includes the hold-over period as part of the lease and has determined the hold-over periods of these leases to be between 5 – 7 years, based on business plans and forecasts. There will be a significant negative effect if a replacement tower is not readily available and the costs associated with relocating the Group's broadband communication equipment to alternative towers is significant.

The Group does not typically include the renewal period for data network cable leases as the end of each contract provides an opportunity to tender for the services and secure better terms.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Accounting estimates and assumptions

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete and non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

Appendix A: Significant Accounting Policies

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate Expected Credit Losses for trade receivables. The provision rates are based on days past due. These provision rates are considered representative across all customers of the Group based on recent sales experience, historical collection and forward-looking information that is available.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate which can lead to an increased number of defaults in the telecommunications sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

An additional consideration at the current time is the potential impact of the COVID-19 pandemic on anticipated credit loss experience. As at the Prospectus Date, the impact of the COVID-19 pandemic on the Group has been minimal and no additional allowance has been incorporated. The Group will continue to monitor the experience and update its assumptions as necessary.

Employee benefits

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the lessee would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Corporate Directory

Company's Registered Address

3 Electra Avenue
Morwell VIC 3840

Board of Directors

Adrian Fitzpatrick, Non-Executive Chair
Phillip Britt, Managing Director
John Reisinger, Executive Director and CTO
Patrick Greene, Non-Executive Director
Richard Dammery, Non-Executive Director
Vicky Papachristos, Non-Executive Director

Company Secretary and CFO

Brian Maher

ASX Code

ABB

Lead Manager and Underwriter

Shaw and Partners Limited

Level 7, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Corporate Advisor

Findex Group Limited

Level 17
181 William Street
Melbourne VIC 3000

Legal Advisor

Gadens

Level 13
Collins Arch
447 Collins Street
Melbourne VIC 3000

Investigating Accountant

KPMG Financial Advisory Services (Australia) Pty Ltd

Tower 2, Collins Square
727 Collins Street
Melbourne VIC 3008

Auditor

KPMG

Tower 2
Collins Square
727 Collins Street
Melbourne VIC 3008

Share Registry

Link Market Services Limited

Level 13, Tower 4
Collins Square
727 Collins Street
Melbourne VIC 3008

Offer Information Line

1800 677 648 (within Australia) or
+61 1800 677 648 (outside Australia)
from 8:30am until 5:30pm (AEST),
Monday to Friday (excluding public holidays)

Offer Website

<http://investors.aussiebroadband.com.au>

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